



# UNIVERSITY OF HAWAI'I SYSTEM

## Legislative Testimony

Testimony Presented Before the  
House Committee on Finance  
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by  
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### HB 2745 – RELATING TO PUBLIC FUNDS

Chair Oshiro, Vice Chair Lee, and Members of the House Committee on Finance:

Thank you for the opportunity to testify in support of this measure.

HB 2745 proposes the issuance and appropriation of general obligation bonds to address repair and maintenance, capital renewal, and the reduction of deferred maintenance for various State departments, including the University. HB 2745 also proposes changes to the State procurement processes.

We are grateful for considering such a measure to create jobs to restore our economy and rebuild our infrastructure. As you know, our needs are sizeable and a detailed priority list of renovation, capital renewal, and backlog of maintenance projects, as well as projects benefiting Mānoa Athletic Programs was provided to the Committee last week. Below is a summary of the information provided:

| Campus                         | Type of Work                                | Total              | Shovel Ready Total |
|--------------------------------|---|--------------------|--------------------|
| University of Hawai'i at Mānoa | Renovation, Capital Renewal, and Backlog    | 130,800,000        | 115,800,000        |
|                                | Athletics CIP Projects                      | 12,500,000         | 0                  |
|                                | <b>University of Hawai'i at Mānoa Total</b> | <b>143,300,000</b> | <b>115,800,000</b> |
| University of Hawai'i at Hilo  | Renovation, Capital Renewal, and Backlog    | 36,531,000         | 20,250,000         |
|                                | <b>University of Hawai'i at Hilo Total</b>  | <b>36,531,000</b>  | <b>20,250,000</b>  |
| <b>Community Colleges</b>      |   |                    |                    |
| Hawai'i Community College      | Capital Renewal and Backlog                 | 9,242,000          | 2,195,000          |
| Honolulu Community College     | Capital Renewal and Backlog                 | 17,763,000         | 4,906,000          |
| Kapi'olani Community College   | Capital Renewal and Backlog                 | 8,294,000          | 3,973,000          |
| Kaua'i Community College       | Capital Renewal and Backlog                 | 1,743,000          | 1,448,000          |
| Leeward Community College      | Capital Renewal and Backlog                 | 17,556,000         | 4,654,000          |
| Maui College                   | Capital Renewal and Backlog                 | 7,966,000          | 6,036,000          |
| Windward Community College     | Capital Renewal and Backlog                 | 4,132,000          | 1,940,000          |
|                                | <b>Community College Total</b>              | <b>66,696,000</b>  | <b>25,152,000</b>  |
| <b>Systemwide Total</b>        |   | <b>246,527,000</b> | <b>161,202,000</b> |

The total listing for high priority renovation, capital renewal, and reduction of backlogged maintenance projects is \$246.527 million, of which \$161.202 million are "shovel ready".

We realize that our needs are many, and that there are limited resources for other competing needs. HB 2745 has the potential to positively impact the physical environment at all of our campuses, which will benefit the entire University of Hawai'i community and the state.

In addition, the University supports those provisions in this measure which would streamline the procurement process and make permanent the exemption from the requirements of the Hawai'i Public Procurement Code (Chapter 103D, HRS) which was previously provided to the University by Act 82, Session Laws of Hawai'i 2010, and which is scheduled to expire on July 1, 2012.

Act 82 has enabled the University to implement revisions to procurement procedures to accelerate the acquisition of goods, services, and construction while still obtaining best value and maintaining transparency and fairness in the procurement process. Specifically with respect to construction, I appointed a Task Group consisting of representatives from other governmental agencies and from the construction and engineering industry to assist the University in developing qualification-based construction procurement procedures. The Board of Regents approved these Task Group recommended construction procedures at its meeting of September 16, 2010. The University then conducted numerous orientations with the major construction related organizations statewide regarding these new procedures.

UH has initiated and/or completed the procurement of construction services under these new qualification-based construction procedures for several major projects, such as the construction of the Hawaiian Language Building, College of Pharmacy, and Student Housing at UH Hilo, the renovation of Snyder Hall and Edmondson Hall at UH Mānoa, and the construction of the new Information Technology Building at UH Mānoa. The University has found that the pre-qualification of interested general contractors for these projects has been of tremendous value in assuring high quality construction, and the resulting contract prices have been generally lower than the original construction cost estimates.

Furthermore, through the selection of better qualified general contractors, the University has experienced an acceleration of the on-site construction process resulting in the overall shortening of the completion time for the projects. While accelerating the procurement process and obtaining low cost are important factors, obtaining the best value while maintaining fairness and transparency in the processes is the University's ultimate goal. For example, upon awarding of each of the projects procured under this new process, debriefing sessions have been provided to general contractors whenever requested. This has been very beneficial for the University in finding ways to continue to improve the procurement process and for the general contractors to better prepare for future projects.

Thank you for the opportunity to testify on this measure.