

# UNIVERSITY OF HAWAI‘I SYSTEM REPORT



REPORT TO THE 2013 LEGISLATURE

Report on University of Hawai'i  
Project Adjustment Fund

Act 164, Session Laws of Hawai'i 2011 – Sections 78 and 79

December 2012

**Report to the 2013 Legislature**  
**On Uses of University of Hawai'i Project Adjustment Fund Per**  
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Act 164, Session Laws of Hawai'i (SLH) 2011, Sections 78 and 79, requires the reporting of all uses of the University of Hawai'i Project Adjustment Fund to the 2013 Legislature. Specifically, the sections state:

SECTION 78. After the objectives and purposes of appropriations made in this Act from the general obligation bond fund for capital improvement projects for the University of Hawaii have been met, unrequired balances shall be transferred to the University of Hawaii project adjustment fund appropriated in part II and described in part IV of this Act, and shall be considered a supplementary appropriation thereto; and provided further that the governor shall submit a report to the legislature of all uses of this authority for the previous twelve month period from December 1 to November 30 no later than thirty days prior to the convening of the 2012 and 2013 regular sessions.

SECTION 79. If the authorized appropriations specified for University of Hawaii capital improvement projects listed in this Act or in any other act currently authorized by the legislature are insufficient, and where the source of funding for the project is designated as the general obligation bond fund, the governor may make supplemental allotments from the University of Hawaii project adjustment fund appropriated in part II and described in part IV of this Act to supplement any currently authorized capital investment cost elements; provided further that such supplemental allotments from the project adjustment fund shall not be used to increase the scope of the project; and provided further that the governor shall notify the legislature within five days of each use of this authority and submit a report to the legislature of all uses of this authority for the previous twelve month period from December 1 to November 30 no later than thirty days prior to the convening of the 2012 and 2013 regular sessions.

The University has two transactions to report. The first is the transfer of unrequired balances from the Leeward Community College's Education and Innovation Facility into the University of Hawai'i Project Adjustment Fund (UH PAF). The Leeward Community College's Education and Innovation Facility received an appropriation of \$19,013,000 in general obligation bonds by Act 164/SLH 2011 (Item G-96). Upon opening bids for the project, there was an unrequired balance of \$1,000,000 after fulfilling appropriate project costs and contingencies. The Governor approved the transfer of \$1,000,000 into the UH PAF on May 5, 2012 via Allotment Advice Number 12-0414.

The \$1,000,000 balance in the UH PAF was transferred to the University of Hawai'i at Manoa's Clarence T.C. Ching project (CTCCC), which was appropriated by Acts 162/SLH 2009 for \$5 million in general obligation bonds and authorized \$5 million in private contributions. The University opened bids for the CTCCC project on April 5, 2012, with the low bid of \$13.388 million. A combination of revenue bonds, value engineering, reduction in scope, and the infusion of the \$1 million covered the construction budget shortfall. The University emphasizes that the transfer of \$1,000,000 to the CTCCC was not used to increase the project scope, but was used to help cover the shortfall in the CTCCC project.