

# UNIVERSITY OF HAWAI‘I SYSTEM

## LEGISLATIVE TESTIMONY



SB 2771 – RELATING TO THE RESPONSIBILITIES  
OF THE LEGISLATURE

Testimony Presented Before the  
Senate Committee on Ways and Means

January 31, 2008 at 9:00 am

by

Sam Callejo  
Vice President for Administration  
University of Hawaii System

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**SB 2771 – Relating to the Responsibilities of the Legislature**

Chair Baker, Vice Chair Tsutsui, and Members of the Committee:

Thank you for the opportunity to testify on SB 2771. We believe the intent of this bill is to provide for better estimates for the construction and equipment costs of projects in budget requests prior to appropriation. We support this intent. However, we wish to express our concern that this will significantly impact the timing of CIP project implementation by requiring a two step process. In many cases, this may add years and costs to projects.

The Board of Regents' CIP Budget for Supplemental Year 2008-2009 includes projects requiring construction funds; however, the design for many of the projects have not been completed. If SB 2771 is enacted, it will significantly affect the University's ability to implement projects on a timely basis. For example, the Board of Regents' CIP Budget includes a project for the University of Hawai'i at Mānoa for Women's Locker Room Improvements for Title IX Compliance. We have no prior appropriations for this project; however, we believe that we can complete the design of the project by March 2009, and complete the construction of the project by November 2009. If SB 2771 is enacted, appropriation of the construction funding would need to wait for the 2009 legislative session [or perhaps 2010 if the design isn't completed prior the start of the 2009 session], with bidding of the project deferred to September 2009 [or 2010], and final completion deferred to May 2010 [or 2011]. Such a delay would also likely result in increased costs due to construction escalation.

The example above also pertains to many smaller scale CIP projects such as those included in our Capital Renewal and Deferred Maintenance project category. Restricting construction funding for repairs and maintenance funding until the design is completed will have a significant impact on our ability to implement critical repairs to University campuses on a timely basis.

In addition, the separation of the planning and design from the construction on CIP projects would make it problematic to fund projects with revenue bonds, since it would be difficult to market such bonds to investors for only the planning and design portions of projects, without assurance that the construction portions will subsequently be funded and thus repayment would be uncertain.

It is important to note that project estimates included in our CIP requests are generated by our staff, who are comprised of registered professional architects and

engineers. Estimates are also generated by our consultants, who often use professional estimators. Nevertheless, the true construction cost can only be obtained at the time of bid opening; until that time, all estimates will be just that. Please note that the University generally makes adjustments in the project scope if necessary to deal with changes in estimates, rather than requesting additional funds.

Accordingly, because of the need to address our deferred maintenance backlog, we wish to express our concerns that this will make it harder to do so expeditiously.

Thank you for the opportunity to testify on this measure.