

HB 2302, HD2

Measure Title: RELATING TO CAPITAL IMPROVEMENT PROJECTS.

Report Title: Temporary Civil Service Exemption; Hawaii Public Housing Authority; Appropriation

Description: Exempts temporarily from the state and county civil service: (1) persons hired or contracted to repair and maintain vacant state or county housing units; and (2) persons hired or contracted to perform planning, design, engineering, or permit processing work for state or county capital improvement projects. Appropriates an unspecified dollar amount out of general obligation bonds to the Hawaii public housing authority for renovating uninhabitable public housing units. Effective July 1, 2030. (HB2302 HD2)

Companion:

Package: None

Current Referral: HMS/JDL, WAM

Introducer(s): CABANILLA, CHONG, Aquino, Yamashita

NEIL ABERCROMBIE
GOVERNOR



HAKIM OUANSAFI
EXECUTIVE DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
HAWAII PUBLIC HOUSING AUTHORITY
1002 NORTH SCHOOL STREET
Honolulu, Hawaii 96817

BARBARA E. ARASHIRO
EXECUTIVE ASSISTANT

Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

SENATE COMMITTEE ON HUMAN SERVICES

SENATE COMMITTEE ON JUDICIARY AND LABOR

March 22, 2012 1:30 P.M.
Room 016, Hawaii State Capitol

In consideration of
House Bill 2302, House Draft 2
Relating to Capital Improvement Projects

Honorable Chairs and Members of the Senate Committees on Human Services and Judiciary and Labor, thank you for the opportunity to provide you with comments regarding House Bill 2302, as amended by House Draft 2, relating to capital improvement projects.

The Hawaii Public Housing Authority (HPHA) supports the enactment of this measure, which would, in pertinent part to the HPHA, amend Section 76-16, Hawaii Revised Statutes (HRS), to temporarily exempt from the civil service persons hired or contracted to perform both repair or maintenance work on vacant housing units and planning, design, engineering, or permit processing work for capital improvement projects of state agencies. The measure further seeks to appropriate General Obligation bonds to renovate the HPHA's uninhabitable public housing units and to provide limited exemption from the contest provisions of Chapter 103D, HRS.

The HPHA supports the proposed amendments to Section 76-16, HRS, which will enable our agency to expeditiously and efficiently expend the capital improvement program (CIP) funds allocated in the current biennium budget. Under Act 164, Session Laws of Hawaii 2011, the HPHA was appropriated more than \$78M in CIP funds to make much needed capital repairs to our housing units statewide. In the supplemental year, the Executive Administration's request, as incorporated in the current House Draft of the Budget Bill, allocates an additional \$20M in CIP funds supplementing Act 164 SLH 2011.

This measure would enable the HPHA to quickly and efficiently encumber and expend these funds by allowing us to hire additional exempt workers to manage design and construction contracts, statewide. The most recent Physical Needs Assessment performed in 2009 identified a capital repair backlog agency-wide of more than \$350M. Current estimates after completion of several modernization projects leaves approximately \$200M remaining from the 2009 estimate, which has undoubtedly risen since that time. With the exemption provided by this measure, our agency will have the flexibility to hire exempt union staff members to manage consultants and contractors. Not only would we be looking to hire on as many as twenty exempt represented staff, but each project would provide employment to numerous design consultants and contractors employing some union labor. This would assist us in our mission of improving the living environment for all of our tenants statewide.

This measure further seeks to exempt from the civil service the employment of repair and maintenance staff to repair current vacant units. According to estimates provided by the U.S. Department of Housing and Urban Development, the HPHA could be collecting an additional \$3M in rents from these vacant units. This could be used by the agency to hire and retain a number of additional staff to sustain the increased population across the agency's portfolio.

The HPHA appreciates the opportunity to provide the Senate Committees with the agency's position regarding H.B. 2302, H.D. 2. We respectfully request the Committees to pass this measure favorably, and we thank you very much for your dedicated support.



HB2302 HD2
RELATING TO CAPITAL IMPROVEMENT PROJECTS
Senate Committee on Human Services
Senate Committee on Judiciary and Labor

March 22, 2012

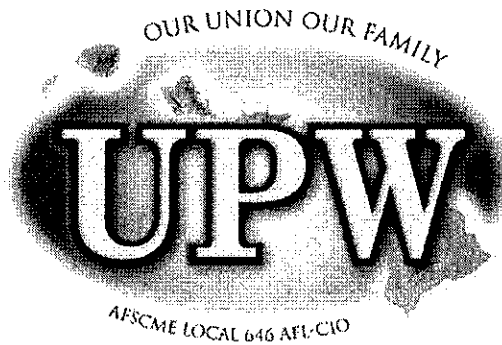
1:30 p.m.

Room 016

The Office of Hawaiian Affairs (OHA) **SUPPORTS** HB2302 HD2, which would ease civil service requirements and provide bond funding for the maintenance of public housing units.

Hawai'i is in dire need of affordable housing. The lack of such housing creates instability for many families, including the families of OHA's beneficiaries. In an attempt to promote systemic change in this area, OHA's strategic plan identifies as a strategic result the building of affordable housing. This bill represents a step in the right direction toward the maintenance and reopening of public housing stock, which would create stability in housing for OHA's beneficiaries and others in need.

OHA urges the committees to **PASS** HB2302 HD2. Mahalo for the opportunity to testify on this important measure.



THE HAWAII STATE SENATE
The Twenty-Sixth Legislature
Regular Session of 2012

COMMITTEE ON HUMAN SERVICES

The Honorable Sen. Suzanne Chun Oakland, Chair
The Honorable Sen. Les Ihara, Jr., Vice Chair

COMMITTEE ON JUDICIARY AND LABOR

The Honorable Sen. Clayton Hee, Chair
The Honorable Sen. Maile S. L. Shimabukuro, Vice Chair

DATE OF HEARING: Thursday, March 22, 2012

TIME OF HEARING: 1:30 p.m.

PLACE OF HEARING: Conference Room 016

**TESTIMONY ON HB 2302 HD2 RELATING TO CAPITAL IMPROVEMENT
PROJECTS**

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 11,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

UPW strongly opposes HB 2302 HD2, which exempts temporarily from the state and county civil service: (1) persons hired or contracted to repair and maintain vacant state or county housing units; and (2) persons hired or contracted to perform planning, design, engineering, or permit processing work for state or county capital improvement projects.

While we do not deny the need for renovations to public housing throughout the state and support the appropriation of funds to this end, it is unclear from the intent and language of this measure why it is necessary to exempt these positions from civil service, even if only temporarily. Furthermore, if the Hawaii Public Housing Authority (HPHA) is experiencing difficulties in recruiting qualified applicants to perform this work within the current civil service law, it is unclear how exempting these positions will ease this difficulty.

Finally, it appears, if the HPHA is indeed experiencing recruiting and hiring difficulties, there are provisions within the existing Hawaii Revised Statutes that would allow for exemptions on a year-by-year basis:

§46-33 (7) Personal services obtained by contract where the director of civil service has certified that the service is special or unique, is essential to the public interest and that, because of circumstances surrounding its fulfillment, personnel to perform such service cannot be obtained through normal civil service recruitment procedures. Any such contract may be for any period not exceeding one year.

§76-16 (2) Positions filled by persons employed by contract where the director of human resources development has certified that the service is special or unique or is essential to the public interest and that, because of circumstances surrounding its fulfillment, personnel to perform the service cannot be obtained through normal civil service recruitment procedures. Any such contract may be for any period not exceeding one year;

§76-77 (7) Positions filled by persons employed by contract where the personnel director has certified that the service is special or unique, is essential to the public interest, and that because of the circumstances surrounding its fulfillment, personnel to perform the service cannot be recruited through normal civil service procedures; provided that no contract pursuant to this paragraph shall be for any period exceeding one year;

(8) Positions of a temporary nature needed in the public interest where the need does not exceed ninety days; provided that before any person may be employed to render temporary service pursuant to this paragraph, the director shall certify that the service is of a temporary nature and that recruitment through normal civil service recruitment procedures is not practicable; and provided further that the employment of any person pursuant to this paragraph may be extended for good cause for an additional period not to exceed ninety days upon similar certification by the director;

Thank you for the opportunity to testify on this measure. For the reasons stated above, we ask that this measure be deferred.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Sixth Legislature, State of Hawaii
The Senate
Committee on Human Services
Committee on Judiciary and Labor

Testimony by
Hawaii Government Employees Association
March 22, 2012

H.B. 2302, H.D. 2 – RELATING TO
CAPITAL IMPROVEMENT PROJECTS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly opposes the purpose and intent of the sections of H.B. 2302, H.D. 2, which temporarily exempt from civil service employees who are hired to repair and maintain vacant housing units, and employees who are hired to perform planning, design, engineering or processing work for state or county capital improvement projects.

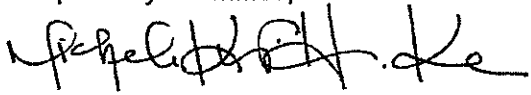
While we can strongly support the renovation of public housing, we respectfully question the necessity for "temporary exemptions" in order to expedite the construction and improvement of public housing units and infrastructure for the purposes of economic revitalization -- have the State and County Employers attempted to recruit for these positions without any success? What are the reasons why the positions remain unfilled? Are better and/or different recruitment alternatives needed? How many and which positions will this legislation potentially impact? Why is the "temporary exemption" for the duration of three (3) years, versus a shorter trial period, in which the Employer can continue to recruit and fill the positions? Further, we question if the Employer has provided adequate justification to exempt the types of employment that have customarily and historically been performed by civil service employees.

As written, this legislation is in stark and direct contrast to the intent of Act 253, SLH 2000, and Act 300, SLH 2006, which require the Director of the Department of Human Resources Development to review exempt positions and determine whether the positions should remain exempt permanently or convert the position to civil service. It also undermines the efforts of S.B. 1090, introduced in the 2011 Session, in which the Employer and the Union mutually agreed to collaboratively identify and facilitate conversion of exempt positions throughout the executive branch.

Past legislative intent has been to convert exempt positions, not circumvent the civil service system. We respectfully request the committees to defer action on the specific sections of the legislation which exempts civil service employment.

Thank you for the opportunity to testify in strong opposition to H.B. 2302, H.D. 2.

Respectfully submitted,


for Randy Perreira
Executive Director



PARTNERS IN CARE

Oahu's Coalition of Homeless Providers

TESTIMONY IN SUPPORT OF HB 2302, HD2 – SUPPORT / COMMENTS – RELATING TO CAPITAL IMPROVEMENT PROJECTS

TO: Senator Suzanne Chun Oakland, Chair; Senator Les Ihara, Jr., Vice Chair, and Members, Committee on Human Services

TO: Senator Clayton Hee, Chair; Senator Maile S.L. Shimabukuro, Vice Chair, and Members, Committee on Judiciary and Labor

FROM: Gladys Peraro, Partners In Care (PIC), Advocacy Committee Chair

Hearing: Thursday, March 22, 2012; 1:30 p.m.; CR 016

Chair Chun Oakland, Chair Hee; Vice Chairs Ihara, Jr., Maile S.L. Shimabukuro, and Members of the Committee on Human Services and Judiciary and Labor:

Thank you for the opportunity to testify on HB 2302, Relating To Capital Improvement Projects. I am Gladys Peraro, Advocacy Chair for Partners In Care (PIC). Our coalition focuses on the needs of homeless persons and strategies to end homelessness. PIC supports the intent of temporary exemptions in order to expedite improvements and rehabilitation to public housing inventory to avoid further deterioration as well as place families into rehabilitated units in a timely manner. PIC further supports and recommends that allowing non-profit agencies and volunteers to assist, be promoted as a way to further expedite the process.

Partners In Care supports renovations to vacant and deteriorating housing inventory within the public housing program. Public housing is a critical and valuable resource in stabilizing families; especially important for those families ready to transition into affordable rental housing opportunities. Federal subsidies, in addition to rent received from tenants occupying the units will provide continued support for ongoing maintenance once occupied, which will be a crucial component of maintaining projects in good repair. PIC understands that maintaining housing inventory through rehabilitation is much more advantageous and economically feasible, and preferred over the alternative of building new housing at a cost of millions of dollars to taxpayers, and that this bill will allow the rehabilitation to occur in an expedited manner. We cannot “build our way out of this situation” when there are thousands on the waiting list for public housing, therefore it is critical to rehabilitate the inventory we have on hand for families in need, in as efficient and timely a manner as possible.

The opportunity to expedite rehabilitation through HB 2302, HD2 will ensure timely restorations, which in turn will ensure that vacant units remain in good repair and available for occupancy; it will also ensure that minor maintenance problems are addressed before they require major repairs, an economical and strategically sound repair process. Therefore, PIC urges you to be part of the solution of providing safe and decent housing to Hawaii’s families in need.

Thank you on behalf of Partners In Care for your consideration of passage of HB 2302, HD2.

Partners In Care, c/o Aloha United Way, 200 N. Vineyard Blvd. Suite 700
Honolulu, Hawaii 96817



CATHOLIC CHARITIES HAWAII

TESTIMONY IN SUPPORT OF HB 2302 HD2: RELATING TO CAPITOL IMPROVEMENT PROJECTS

TO: Senator Suzanne Chun Oakland, Chair; Senator Les Ihara, Jr., Vice Chair, and Members, Committee on Human Services

TO: Senator Clayton Hee, Chair; Senator Maile S.L. Shimabukuro, Vice Chair, and Members, Committee on Judiciary and Labor

FROM: Betty Lou Larson, Legislative Liaison, Catholic Charities Hawaii

Hearing: **Thursday, March 22, 2012; 1:30 p.m.; CR 016**

Chair Chun Oakland, Chair Hee; Vice Chairs Ihara, Jr., Maile S.L. Shimabukuro, and Members of the Committee on Human Services and Judiciary and Labor:

Thank you for the opportunity to testify on this housing bill. I am Betty Lou Larson, Legislative Liaison at Catholic Charities Hawai'i. Catholic Charities Hawai'i strongly supports the GO bond funding section of this bill, to renovate public housing stock.

Catholic Charities Hawai'i continues to support funding to renovate vacant units in public housing. Public housing is a valuable resource to stabilize families and to move the homeless who are ready to rent into affordable housing. The waiting list is long so every unit is valuable. With over 300 vacant units, this funding is critical to get these units back into service. Once these vacant units are occupied, the federal subsidies that come along with the occupied units, as well as the tenants' rent, help support the ongoing maintenance of these projects. To build new units would cost millions of dollars versus the relatively low cost to rehab a unit and put it back into occupancy.

The inventory of the State's public housing needs infusion of funding to not only make sure that vacant units are filled, but also to ensure that minor maintenance problems are addressed in a timely manner. If not, these can later require major repairs at a much higher cost. The bottom line is that the State must provide decent and safe housing to the tenants. We owe it to the many tenants who have patiently waited for repairs, to now put monies into these projects.

Thank you for considering the needs of the residents for decent housing and the needs of applicants for affordable housing. We urge you to pass Part II of this bill.



AIA Hawai'i State Council

A Council of The American Institute of Architects

To HMS/JDL Hearing 3.22.12
1:30 PM, Room 016

March 22, 2012

Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

Honorable Clayton Hee, Chair
Senate Committee on Judiciary and Labor

Re: **House Bill 2302 HD 2**
Relating to Capital Improvement Projects

Dear Chair Chun Oakland, Chair Hee, and Members of the Committees,

My name is Daniel Chun, Government Affairs Chair of the American Institute of Architects (AIA), a licensed architect with over 30 years of experience and small business owner. AIA is **OPPOSED** to the exemption from state and county civil service for persons hired or contracted to perform planning, design, engineering, or permit processing work for a three-year period.

The current economic slump in demand for design services means that our local privately owned architectural firms are under-utilized and in need of jobs from every possible source. More problematic is that the exemption would upset the long-standing general practice of state agencies outsourcing a very large percentage of capital improvement projects to privately owned design firms; while managing the projects using the experienced civil service of the agency.

Qualified privately owned design firms have long experience managing collaborative teams to design and prepare construction documents for competitive price bidding. This may not be the case with a quickly assembled force of exempt persons. The bill also seems to circumvent the long standing state practice of having privately owned construction contractors performing on capital improvement projects.

AIA questions who would assume the design professional liability for the planning, design, and engineering work of these exempt persons?

HRS 103D-304 already allows streamlining for design / engineering services

The bill also has potential for conflict with HRS 103D-304, the professional services procurement law that AIA and its engineering allies worked hard to pass in response to allegations of public corruption in the award of design contracts. HRS 103D-304 **REQUIRES** state agencies to publish a notice inviting architects to submit statements of qualification and letters of interest for design services which the agency **ANTICIPATES** needing in the **NEXT** fiscal year. This in the current Procurement Code to streamline purchase of design services. We do not believe that state law allows such anticipatory notices for personal service contracts, so it can be argued that use of the Procurement Code is likely to be faster than lobbying "exemption" bills like HB 2302 HD2.

AIA has no position with respect to the general obligation bond appropriation itself. Thank you for the opportunity to **OPPOSE** HB 2302 HD2.



ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES
of Hawaii

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March 22, 2012

**Senate Committees on Human Services and Judiciary and Labor
Hearing Date: Thursday, March 22, 1:30 pm., Conference Room 016**

Honorable Chairs Suzanne Chun Oakland and Clayton Hee, and Members of the Senate
Committees on Human Services and Judiciary and Labor

**Subject: HB2302 HD2, Relating to Capital Improvements
Testimony in Opposition to portions of the bill**

Dear Chairs Chun Oakland and Hee:

The American Council of Engineering Companies of Hawaii (ACECH), representing 65 member firms with approximately 1,500 employees throughout Hawaii, understands that the intent of this bill is to address economic revitalization by encouraging maintenance and repairs of public housing projects. However, we are concerned about the unintended consequences of the bill and, therefore, oppose it as written.

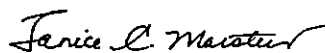
Section 1, Item (1) exempts from State and County civil service persons hired or contracted to perform repair and maintenance of public housing projects. Persons who are contracted to perform such services (Contractors) are already exempt from civil service. This bill may go against the goal of economic revitalization by pulling work away from our local construction firms in favor of the state and counties hiring persons who would be exempt from civil service.

Section 1, Item (2) further exempts from State and County civil service persons hired or contracted to perform planning, design, engineering, or permit processing for State or County capital improvement projects. Firstly, such an exemption for all CIP projects is entirely too broad. Professional firms that are contracted to do this type of work are already exempted from civil service. This exemption would result in persons being hired in a manner that would circumvent well-established, open and transparent processes for the procurement of professional services. The potential for abuses of this system, which is counter to the established model procurement process of qualification-based selection, is significant. And, again, the bill goes against the goal of economic revitalization by pulling work away from our local design firms in favor of the state and counties hiring persons who would be exempt from civil service.

We thank you for the opportunity to voice our opposition to this bill. Please do not hesitate to contact us if you have any questions regarding our testimony.

Respectfully submitted,

AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII



Janice C. Marsters, Ph.D.
Past President and Legislative Committee Co-Chair
808.371.8504

In support of HB2302, HD2

To: Senator Suzanne Chun Oakland, Chair
Senator Leş Ihara, Jr., Vice Chair
Members of Committee on Human Services

Senator Clayton Hee, Chair
Senator Maile S. L. Shimabukuro, Vice Chair
Members of Committee on Judiciary and Labor

From: Colin Hosking, MSW Student, Hawaii Pacific University
2608 Date Street #1, Honolulu, Hawaii
425-829-2902

Hearing: Thursday, March 22, 2012; 1:30 pm, Conference Room 016

Chairs Chun Oakland and Hee, Vice Chairs Ihara and Shimanukuro, members of the Committees on Human Services and Judiciary and Labor:

First let me thank you for the opportunity to submit testimony in support of HB2302, HD2.

As a former social services intern at Kalihi-Palama Health Center, I learned first hand the frustration felt by the citizens of Hawaii who are trying to build better lives for themselves and their families. I cannot tell you how many times I had to tell optimistic parents how long they would likely have to wait before they were offered a unit by the Hawaii Public Housing Authority. In some cases the wait can be up to ten years. Often times I would only be able to offer the assurance that a transitional housing unit might open up over the next few months, with the hope that they will be offered something within two years, the maximum length of stay in transitional housing.

By renovating new public housing units, many of my formal clients may have a chance at securing housing in a timelier manner. This is crucial for those who are homeless or are at-risk of becoming homeless, as stable housing is the first major step required before other issues such as mental illness, low-educational attainment, and lack of English language skills can be addressed. These individual benefits provided by increasing the number of available public housing units will be translated to our broader community in the form of happier, safer, and more productive citizens.

Once again I appreciate the opportunity to submit testimony on this bill and thank you for championing the needs Hawaii's families.