

SCR 68/ SR 36 Testimony

Measure Title: URGING THE STATE OF HAWAII TO CONVERT THE THIRD FLOOR OF THE NO. 1 CAPITOL DISTRICT BUILDING, LOCATED AT 250 SOUTH HOTEL STREET, INTO PORTIONS OF THE HAWAII STATE ART MUSEUM BY 2016 AND TO CONVERT THE FOURTH FLOOR OF THE NO. 1 CAPITOL DISTRICT BUILDING INTO PORTIONS OF THE HAWAII STATE ART MUSEUM BY 2018.

Report Title: Hawaii State Art Museum; Capitol District Building

Description:

Companion:

Package: None

Current Referral: TEC, WAM

Introducer(s): ESPERO, GALUTERIA, Baker, Chun Oakland, Nishihara, Ruderman, Shimabukuro, Solomon, Taniguchi, Tokuda, Wakai

From: mailinglist@capitol.hawaii.gov
To: [TECTestimony](#)
Cc: catherina.m.pratt@hawaii.gov
Subject: Submitted testimony for SCR68 on Mar 28, 2013 13:20PM
Date: Wednesday, March 27, 2013 5:00:22 PM
Attachments: [SCR68_SR36_AGS_03.28.13_TEC.pdf](#)

SCR68

Submitted on: 3/27/2013

Testimony for TEC on Mar 28, 2013 13:20PM in Conference Room 414

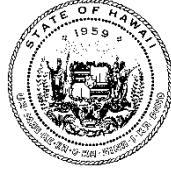
Submitted By	Organization	Testifier Position	Present at Hearing
Dean Seki	Department of Accounting and General Services	Support	Yes

Comments:

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GOVERNOR



Dean H. Seki
Comptroller

Maria E. Zielinski
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
DEAN H. SEKI, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE
ON
TECHNOLOGY AND THE ARTS
ON
March 28, 2013

S.C.R. 68 / S.R. 36

URGING THE STATE OF HAWAII TO CONVERT THE THIRD FLOOR OF THE NO.1
CAPITOL DISTRICT BUILDING, LOCATED AT 250 SOUTH HOTEL STREET,
INTO PORTIONS OF THE HAWAII STATE ART MUSEUM BY 2016 AND TO
CONVERT THE FOURTH FLOOR OF THE NO.1 CAPITOL DISTRICT BUILDING
INTO PORTIONS OF THE HAWAII STATE ART MUSEUM BY 2018

Chair Wakai and members of the Committee, thank you for the opportunity to testify on
S.C.R. 68 / S.R. 36.

The Department of Accounting and General Services (DAGS) supports the intent of
S.C.R. 68 / S.R. 36, provided that potential funding appropriated for this purpose does not
replace or adversely impact priorities indicated in the Executive Budget.

The following comments are provided:

1. To complete the requested tasks by 2016, DAGS estimates the following funding will need to be appropriated now in the first fiscal year (FY) of the Fiscal Biennium (FB) 2013-2015 budget:
 - A. \$1,985,760 in FY 2013-2014 operating budget funding for relocation of existing State agency offices from the No.1 Capitol District, Third Floor, into commercial office lease spaces.
 - B. \$ 3,100,000 total in FY 2013-2014 CIP budget funding for retrofit renovation of the vacated No.1 Capitol District, Third Floor office spaces.
2. To complete the requested tasks by 2018, DAGS estimates the following funding will need to be appropriated now in the second FY of the FB 2013-2015 budget:
 - A. \$2,046,240 total in FY 2014-2015 operating budget funding for relocation of existing State agency offices from the No.1 Capitol District, Fourth Floor, into commercial office lease spaces.
 - B. \$ 3,360,000 total in FY 2014-2015 CIP budget funding for retrofit renovation of the vacated No.1 Capitol District, Fourth Floor office spaces.

Thank you for the opportunity to testify on this matter.

From: mailinglist@capitol.hawaii.gov
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Cc: jsugihara@dbedt.hawaii.gov
Subject: Submitted testimony for SCR68 on Mar 28, 2013 13:20PM
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SCR68

Submitted on: 3/27/2013

Testimony for TEC on Mar 28, 2013 13:20PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Lim	DBEDT	Comments Only	Yes

Comments: Attached is DBEDT's testimony with comments.

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**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
Richard C. Lim
Director

Department of Business, Economic Development and Tourism
before the

SENATE COMMITTEE ON TECHNOLOGY AND THE ARTS

Thursday, March 28, 2013
1:20 p.m.
State Capitol, Room 414

In consideration of
SCR 68/SR 36

**URGING THE STATE OF HAWAII TO CONVERT THE THIRD FLOOR OF THE NO. 1
CAPITOL DISTRICT BUILDING, LOCATED AT 250 SOUTH HOTEL STREET, INTO
PORTIONS OF THE HAWAII STATE ART MUSEUM BY 2016 AND TO CONVERT
THE FOURTH FLOOR OF THE NO. 1 CAPITOL DISTRICT BUILDING INTO
PORTIONS OF THE HAWAII STATE ART MUSEUM BY 2018.**

Chair Wakai, Vice Chair Nishihara, and Members of the Committee.

The Department of Business, Economic Development and Tourism offers comments on this resolution. While the goal of converting four out of five floors of the historic Armed Services YMCA building for use by the State Foundation on Culture and the Arts (SFCA) has merit, there are other factors that should also be weighed in considering the scope of this resolution.

The third, fourth, and fifth floors of the building house two State departments and the Executive Office on Aging. These State agencies do not have alternate locations to which they can move to accommodate the SFCA's desire for expansion. The two State departments, Budget and Finance (B&F) and DBEDT, are most efficiently located within

walking distance of the State Capitol. However, neither have resources to rent private office space within the downtown area. The proposed timeframe of converting the third floor into exhibition, administration, and/or educational space by 2016 would require B&F to move in 2014, since the project would take at least two years due to the additional time required to renovate a building on both the State and Federal Historic Registers.

DBEDT recommends that this Resolution be amended to delete the timeframe and request the Department of Accounting and General Services/Public Works, SFCA, B&F, DBEDT and the Executive Office on Aging to form a working group to consider and report to the Legislature on the prerequisite actions and costs of converting additional space in the No. 1 Capitol Building for SFCA's use.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
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Cc: mei-lynn.e.nakano@hawaii.gov
Subject: Submitted testimony for SCR68 on Mar 28, 2013 13:20PM
Date: Wednesday, March 27, 2013 3:10:07 PM
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SCR68

Submitted on: 3/27/2013

Testimony for TEC on Mar 28, 2013 13:20PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Mei Nakano	Dept. of Budget & Finance	Comments Only	Yes

Comments: Please see attachment.

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**TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON TECHNOLOGY AND THE ARTS
ON
SENATE CONCURRENT RESOLUTION NO. 68 AND SENATE RESOLUTION NO. 36

URGING THE STATE OF HAWAII TO CONVERT THE THIRD FLOOR OF THE NO. 1
CAPITOL DISTRICT BUILDING, LOCATED AT 250 SOUTH HOTEL STREET, INTO
PORTIONS OF THE HAWAII STATE ART MUSEUM BY 2016 AND TO CONVERT
THE FOURTH FLOOR OF THE NO. 1 CAPITOL DISTRICT BUILDING INTO
PORTIONS OF THE HAWAII STATE ART MUSEUM BY 2018**

MARCH 28, 2013

Chair Wakai, Vice Chair Nishihara, and Members of the Committee.

While the Department of Budget and Finance (B&F) does not object to the intent of SCR No. 68 and SR No. 36 the B&F does have serious concerns that involve the feasibility, costs, time tables set forth in the Senate resolutions, and potential private activity use concerns that may be raised with expansion of the State Foundation on Culture and the Arts (SFCA).

The office spaces located on the 3rd, 4th, and 5th floors of the No. 1 Capitol District Building (Building) are currently utilized by the B&F, the Department of Business, Economic Development and Tourism (DBEDT), and the Executive Office on Aging. In addition, the Department of Budget and Finance has our Treasury operations on the 1st floor and ideally, if the Department were to be relocated, additional space to accommodate this office should be incorporated into the plans.

The core governmental central agency functions that are provided by the B&F, the close support that must be provided to the Governor, and the close interactions with the State Legislature makes it necessary for the B&F to remain as close as possible to the State Capitol. Based on our preliminary verbal discussions with the Department of Accounting and General Services (DAGS) the following issues require serious

consideration: 1) alternate State owned office space is currently not available in the downtown civic center area to enable the relocation of the B&F and DBEDT offices, 2) conservative estimates in regards to possible first year costs to relocate only the B&F's offices is approximately \$856,800 for the first year and \$604,800 in on-going annual lease rental costs, provided that the DAGS Leasing Office is able to find approximately 16,800 sq. ft. in contiguous office space for the B&F offices in the downtown civic center area (please note that these estimates do not include office space requirements for the Department's Treasury operations currently located on the 1st floor), 3) design and construction costs to renovate only the 3rd floor office spaces would add \$3 million in approximate costs, 4) the time frame of no later than FY 2016 for the conversion of the 3rd floor office space would require the above lease rental, office relocation, and design and construction costs to be added to the current biennium budget for DAGS to meet the timeline, 5) similar annual lease rental, office relocation, and design and construction costs along with questions regarding the feasibility of acquiring suitable leased office space also applies to the 4th floor DBEDT and Office of Aging offices, and 6) longer term costs to either acquire a suitable existing office building for possible renovation or acquisition of land and construction for a suitable new State office building are additional considerations that must be weighed. We defer to the DAGS to provide specific comments pertaining to the feasibility, engineering, cost considerations, and long term plans for necessary office space requirements in the downtown civic center.

Finally, the Building was financed with tax exempt Certificates of Participation, which are currently outstanding until FY 2020. As such, the building in general, must be utilized for governmental purposes until the debt is retired. Should the proposed use of

the Building as contemplated in these resolutions be for private activity use that ultimately provides a benefit to a private citizen or entity (including non-for-profit entities), further discussions with bond counsel will be necessary to ensure compliance with federal tax requirements and must be considered in regards to any expansion plan envisioned by the SFCA.

From: mailinglist@capitol.hawaii.gov
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Cc: wesley.lum@doh.hawaii.gov
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Date: Wednesday, March 27, 2013 4:41:25 PM
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SCR68

Submitted on: 3/27/2013

Testimony for TEC on Mar 28, 2013 13:20PM in Conference Room 414

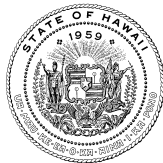
Submitted By	Organization	Testifier Position	Present at Hearing
Wes Lum	Executive Office on Aging	Comments Only	Yes

Comments: See attached.

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Committee on Technology and the Arts

SCR68/SR36 Urging the State of Hawaii to Convert the Third Floor of the No. 1 Capitol District Building, Located at 250 South Hotel Street, Into Portions of the Hawaii State Art Museum by 2016 and to Convert the Fourth Floor of the No. 1 Capitol District Building Into Portions of the Hawaii State Art Museum by 2018.

**Testimony of Wes Lum
Director, Executive Office on Aging
Attached Agency to Department of Health**

Thursday, March 28, 2013; Conference Room 414

1:20 p.m.

1 **EOA's Position:** The Executive Office on Aging (EOA) has several concerns about this
2 measure.

3 **Purpose and Justification:** EOA is currently located on the 3rd Floor of the No. 1 Capitol
4 District Building. We do not have an alternative location nor do we have the resources to rent
5 private office space within the downtown area to which we can move to accommodate the State
6 Foundation on Culture and the Art's (SFCA) desire for expansion. Additionally, the proposed
7 timeframe of converting the 3rd floor into exhibition, administration, and/or educational space by
8 2016 would require EOA to move in 2014 since the project would take at least two years due to
9 the additional time required to renovate a building on both the State and Federal Historic
10 Registers.

11 EOA agrees with the Department of Business, Economic Development, and Tourism's
12 recommendation to delete the timeframe and form a working group to consider the prerequisite

- 1 actions and costs of converting additional space in the No. 1 Capitol Building for SFCA's use.
- 2 Thank you for the opportunity to comment.