

# SB 3066

Establishes the public-private finance initiative (PPIA). Requires the PPIA to initiate a pilot project. Appropriates funds for the PPIA. Repeals on 07/01/2018.

NEIL ABERCROMBIE  
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

WRITTEN TESTIMONY  
OF  
DEAN H. SEKI, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
SENATE COMMITTEES  
ON  
ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING  
AND  
WATER AND LAND  
ON  
February 10, 2014

S.B. 3066

RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE

Chairs Dela Cruz, Solomon, and members of the Committees, thank you for the opportunity to submit written testimony on S.B. 3066.

The Department of Accounting and General Services supports the intent of S.B. 3066, provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget, and will work collaboratively with all interested parties to effectuate the Public-Private Finance Initiative established by this measure.

Thank you for the opportunity to submit written testimony on this matter.



**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 COMMITTEES ON ECONOMIC DEVELOPMENT, GOVERNMENT  
OPERATIONS AND HOUSING  
AND  
WATER AND LAND**

Monday, February 10, 2014  
3:20 p.m.  
State Capitol, Conference Room 16

in consideration of  
**SB 3066**

**RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE.**

Chairs Dela Cruz and Solomon, Vice Chairs Slom and Galuteria, and Members of the  
Committees.

The Department of Business, Economic Development & Tourism (DBEDT) supports  
SB 3066, which establishes the Public-Private Finance Initiative (Initiative) within DBEDT  
for administrative purposes, subject to the appropriate funding and resourcing being allocated  
to establish and staff the Initiative to initiate the appropriate pilot project and effectuate this  
measure.

Thank you for the opportunity to offer this testimony on SB 3066.

WRITTEN TESTIMONY

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE SENATE COMMITTEES ON ECONOMIC DEVELOPMENT,  
GOVERNMENT OPERATIONS AND HOUSING, AND WATER AND LAND  
ON  
SENATE BILL NO. 3066

February 10, 2014

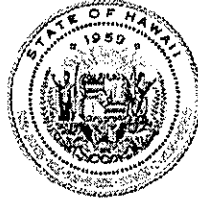
RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE

Senate Bill No. 3066 establishes the public-private finance initiative (PPIA), requires the PPIA to initiate a pilot project, appropriates funds for the PPIA, and repeals on July 1, 2018.

The Department has technical comments on this bill. This measure in its current form is unclear as to whether the State would be allowed to enter into debt with respect to the PPIA program. If the answer is in the affirmative, then a maximum dollar amount should be authorized under the program to be able to limit the State's liability under the proposed initiative. In addition, please be advised that if such debt is authorized, the amount will need to be reflected as a liability and incorporated into the State's debt limit calculation.

Thank you for the opportunity to provide testimony on this measure.

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
WILLIAM J. AILA, JR.  
Chairperson**

**Before the Senate Committees on  
ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS AND HOUSING  
and  
WATER AND LAND**

**Monday, February 10, 2014  
3:20 P.M.  
State Capitol, Conference Room 16**

**In consideration of  
SENATE BILL 3066  
RELATING TO THE PUBLIC-PRIVATE FINANCE INITIATIVE**

Senate Bill 3066 proposes to establish the Public-Private Finance Initiative ("PPFI") to implement a pilot project on the management of government facilities in Wahiawa, Oahu. **The Department of Land and Natural Resources ("Department") supports the intent of the bill but has concerns with the exemption it seeks from Chapter 171, Hawaii Revised Statutes (HRS), and offers the following comments.**

The purpose of Senate Bill 3066 is to promote the maintenance of government facilities through public-private partnerships. The bill creates the PPFI and designates a pilot project for it on four parcels of state land in Wahiawa. Three of these parcels (Tax Map Keys: (1) 7-4004:071, 7-4-004:001 and 7-4-006:012) are under executive order to the Department of Accounting and General Services ("DAGS") for the Wahiawa Civic Center, and the fourth parcel (Tax Map Key: (1) 7-4-004:070) is under executive order to the Department of Education, Hawaii State Public Library System ("HSPLS"), for the Wahiawa Public Library.

At the present time, DAGS and HSPLS have the use of the lands and facilities without payment of rent. Under the bill, the PPFI would have authority to enter into lease agreements of the DAGS and HSPLS facilities in Wahiawa with private partners who would manage and maintain the facilities in exchange for rent payments from the government. Such agreements would be subject to the prior approval of the boards and executives of both DAGS and HSPLS. The bill further provides any such management agreements or leases would not be subject to Chapter 171, HRS, relating to public lands.

WILLIAM J. AILA, JR.  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA  
FIRST DEPUTY

WILLIAM M. TAM  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAIHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

Section 171-11, HRS, governs lands set aside to an agency by executive order. Generally, an agency needs to seek the prior approval of the Board of Land and Natural Resources (“BLNR”) for any lease or other agreement encumbering the land that is longer than 14 days in duration. Obtaining prior BLNR approval for the kinds of management or lease agreements proposed by the bill would not appear to be an onerous burden. Chapter 171, HRS, is indicative of the public policy that public land leases shall be reviewed and approved by the BLNR in order to provide the public fair and open opportunities to acquire a lease of public lands. Accordingly, the Department suggests that the language exempting the PPF from Chapter 171, HRS, be deleted.



LEAGUE OF  
WOMEN VOTERS®

*League of Women Voters of Hawaii*

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ECONOMIC DEVELOPMENT, GOVERNMENT OPERATIONS, AND HOUSING

Sen. Donovan Dela Cruz, Chair

WATER AND LAND

Sen. Malama Solomon, Chair

February 10, 2014, 3:20 pm, Conference Room 016  
SB 3066, Relating to the Public/Private Finance Initiative

TESTIMONY

Janet Mason, Legislative Committee Member, League of Women Voters of Hawaii

Chair Donovan Dela Cruz and Chair Malama Solomon:

**The League of Women Voters of Hawaii opposes SB 3066 which establishes the public/private finance initiative (PPIA).**

1. We find no perceivable benefit or substantive required product from the funding in the bill as written. The linkage between the successful partnerships in other countries and Hawaii is not well established, nor is there any recognition of how the State government would traverse changing private ownerships in an increasingly volatile business world.

2. We question why a pilot project would be limited to Wahiawa and why the time period (2014-2018) is such that the major selling point, the "value proposition" on maintenance and operations, cannot be demonstrated.

We urge you to vote down this bill. Thank you for the opportunity to submit testimony.

**February 10, 2014, 3:20 pm, Conference Room #016**

**To: Senate Committee on Economic Development, Government Operations and Housing**

Senator Donovan M. Dela Cruz, Chair  
Senator Sam Slom, Vice Chair

**From: Darin Uesugi**  
1755 Glen Ave.  
Wahiawa, HI 96786

**Re: SB3066 Public-private Finance Initiative; Pilot Project; Appropriation (\$)**

**In Support**

Chairs & Committee Members:

As a long time resident of Wahiawa, and a member of the Wahiawa Community Based Development Organization (WCBDO), I support SB3066 for the following reasons:

The proposed Public-Private Initiative Pilot Project for Center Street in Wahiawa is an ideal area in which to develop new, innovative public-private collaborations. This is a great opportunity to design and test new ways to redevelop areas to better serve the community.

The Pilot Project would greatly improve the facilities/environment that house many state services in Wahiawa, while saving taxpayer money through collaboration with the private sector. Such a partnership would be cost effective and promote buy-in from the community. It would also help maintain the standards and guidelines put forth in Wahiawa's Master Plan/Development Guide. The project has the possibility of creating new, exciting economic opportunities for our small rural town, and many residents would be positively impacted by such development.

As we move Wahiawa toward a new agricultural future, it is precisely these types of public-private partnerships that will bring economic prosperity to our community. Ideas such as agri-tourism will work best when both public and private sectors work towards a common goal. I look forward to any initiative that brings ideas that generate economic vitality for our town.

Thank you for the opportunity to submit testimony.  
Sincerely,  
Darin Uesugi