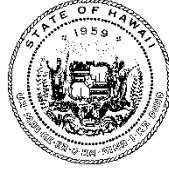


NEIL ABERCROMBIE
GOVERNOR



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 COMMITTEE
ON
WAYS AND MEANS
ON
April 2, 2014

S.C.R. 120, S.D. 1 / S.R. 63, S.D. 1

URGING THE GOVERNOR TO ENTER INTO A PUBLIC-PRIVATE PARTNERSHIP AGREEMENT FOR A NEW SYSTEM OF CORRECTIONAL FACILITIES THAT MAY INCLUDE REENTRY CENTERS, REPORTING CENTERS, TREATMENT CENTERS, PRISONS, JAILS, AND HALFWAY HOMES, TO BE OWNED AND OPERATED BY THE STATE AND ITS COUNTIES

Chair Ige and members of the Committee, thank you for the opportunity to submit written testimony on S.C.R. 120, S.D. 1 / S.R. 63, S.D. 1.

The Department of Accounting and General Services supports the intent of S.C.R. 120, S.D. 1 / S.R. 63, S.D. 1 and will work collaboratively with the Department of Public Safety and other interested parties to effectuate the purpose of this measure.

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

DEPARTMENT OF THE PROSECUTING ATTORNEY
CITY AND COUNTY OF HONOLULU

ALII PLACE
1060 RICHARDS STREET • HONOLULU, HAWAII 96813
PHONE: (808) 547-7400 • FAX: (808) 547-7515

KEITH M. KANESHIRO
PROSECUTING ATTORNEY



ARMINA A. CHING
FIRST DEPUTY PROSECUTING ATTORNEY

THE HONORABLE DAVID Y. IGE, CHAIR
SENATE COMMITTEE ON WAYS AND MEANS
Twenty-seventh State Legislature
Regular Session of 2014
State of Hawai'i

April 2, 2014

RE: S.C.R. 120, S.D. 1 / S.R. 63, S.D. 1; URGING THE GOVERNOR TO ENTER INTO A PUBLIC-PRIVATE PARTNERSHIP AGREEMENT FOR A NEW SYSTEM OF CORRECTIONAL FACILITIES THAT MAY INCLUDE REENTRY CENTERS, REPORTING CENTERS, TREATMENT CENTERS, PRISONS, JAILS, & HALFWAY HOMES, TO BE OWNED AND OPERATED BY THE STATE AND ITS COUNTIES.

Chair Ige, Vice-Chair Kidani and members of the Senate Committee on Ways and Means, the Department of the Prosecuting Attorney of the City and County of Honolulu submits the following testimony in strong support of S.C.R. 120, S.D. 1, and S.R. 63, S.D. 1.

The Department greatly appreciates the Legislature's recognition that Hawai'i is in urgent need of a new correctional facility(s), and also appreciates the Legislature's willingness to provide their utmost support, and encouragement if needed. The sooner a new correctional facility is built, the sooner Hawai'i can keep all local offenders at in-state facilities, closer to their families, friends, support systems and programs that are sensitive to the needs of those who grew up in Hawai'i; this will assist us in guarding the safety and welfare of the community and of future generations.

Despite the foregoing, we are disappointed to see that the Administration has not taken more of a leadership role in this process, and is instead relying on the Legislature to keep things moving forward. We are also disappointed that the Administration has yet to provide any concrete plans on this matter, as is clearly within their purview and function.

As noted above, the Department is very grateful to the Legislature for doing whatever it takes to ensure the completion of this endeavor, and strongly believes that public-private partnership is the ideal solution. Rather than considering alternatives that would result in \$1 billion of expenditures for the State, public-private partnership could essentially provide the much-needed facility(s) at no cost to the State, both for construction and maintenance.

For all of the foregoing reasons, the Department of the Prosecuting Attorney of the City and County of Honolulu supports the passage of S.C.R. 120, S.D. 1, and S.R. 63, S.D. 1. Thank you for this opportunity to testify.

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE CONCURRENT RESOLUTION NO. 120, S.D. 1

April 2, 2014

URGING THE GOVERNOR TO ENTER INTO A PUBLIC-PRIVATE AGREEMENT FOR A NEW SYSTEM OF CORRECTIONAL FACILITIES THAT MAY INCLUDE REENTRY CENTERS, REPORTING CENTERS, TREATMENT CENTERS, PRISONS, JAILS, AND HALFWAY HOMES, TO BE OWNED AND OPERATED BY THE STATE AND ITS COUNTIES.

Senate Concurrent Resolution No. 120, S.D. 1, urges the Governor to enter into a public-private partnership agreement for the planning, design, construction, and financing of a new system of correctional facilities that may include reentry centers, reporting centers, treatment centers, prisons, jails, and halfway homes, to be owned and operated by the State and its counties; urges the Governor to achieve the goal of bringing home all of the State's prisoners that are incarcerated on the mainland no later than July 1, 2018; the public-private partnership be in accordance with the Justice Reinvestment Act and that a minimum of seventy percent of the repayment costs for the new system be paid for through cost savings and efficiencies, as compared to the existing system; all proposals include a total cost of ownership analysis, including but not limited to: first cost of capital, all land and infrastructure costs, building operating costs and maintenance, managerial operating costs including all staff costs, and remaining useful life beyond the thirty-year period; no later than May 31, 2014, the relevant state departments put out a request for proposals to the prison building industry; no later than December 31, 2014, the State select a private partner to accomplish the goal of providing Hawaii with a new, state of the art, system of correctional facilities.

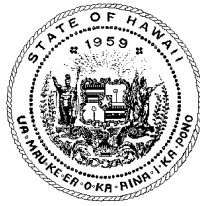
The Department of Budget & Finance (B&F) supports this resolution as it is consistent with the Administration's philosophy and strategy to explore alternative financing methods for addressing many of the State's significant capital project needs. There are a number of capital projects that are queued with departments where the costs are so large that, in the aggregate, they exceed the state's ability to finance them through conventional or traditional financing sources (i.e. general obligation bonds). Public-private partnerships capitalize on state assets and private sector funding opportunities. The Administration views this as one of the most viable means to address future funding needs.

Public-private partnerships can take many different forms. The Administration has had numerous discussions with various private entities who have expressed different concepts that could address certain capital projects. Granted, not all private-public partnerships are sensible or as clearly beneficial to the public interest, but the commitment to explore the myriad of possibilities is important. Long-term capital funding needs for the state exceed the current funding capabilities of the state. B&F is committed to working with every department to find as many funding alternatives to afford capital projects – especially those that develop private-public collaboration. B&F is also committed to evaluating each public-private arrangement to ensure that the value to the public and contribution of any private entity is always in the best interest of the state, departmental operations, and taxpayers.

The Administration recognizes that the solution to providing new or renovated prison facilities will be expensive – either in upfront funding or entail long-term payment plans. Capitalizing on the value that can be offered and exchanged

via public-private partnerships can address many of the financing challenges, but those must be balanced against public concerns, sensitivities, and the responsibility to current and future taxpayers. The Administration appreciates the signal of legislative support for continuing the Administration's efforts in this area. I support the intent and direction offered in Senate Concurrent Resolution No. 120, S.D. 1.

NEIL ABERCROMBIE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY

919 Ala Moana Boulevard, 4th Floor
Honolulu, Hawaii 96814

TED SAKAI
DIRECTOR

Martha Torney
Deputy Director
Administration

Max Otani
Deputy Director
Corrections

Shawn Tsuha
Deputy Director
Law Enforcement

No. _____

TESTIMONY ON SENATE CONCURRENT RESOLUTION (SCR) 120, SENATE DRAFT (SD) 1 /
SENATE RESOLUTION (SR) 63, SENATE DRAFT (SD) 1

A RESOLUTION RELATING TO
URGING THE GOVERNOR TO ENTER INTO A PUBLIC-PRIVATE PARTNERSHIP
AGREEMENT FOR A NEW SYSTEM OF CORRECTIONAL FACILITIES THAT MAY
INCLUDE REENTRY CENTERS, REPORTING CENTERS, TREATMENT CENTERS,
PRISONS, JAILS, AND HALFWAY HOMES, TO BE OWNED AND OPERATED BY
THE STATE AND ITS COUNTIES

by
Ted Sakai, Director
Department of Public Safety

Senate Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

Wednesday, April 2, 2014; 9:25 a.m.
State Capitol, Conference Room 211

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Department of Public Safety (PSD) **strongly supports** SCR 120, SD 1 /
SR 63, SD 1 relating to public-private partnerships for the purpose of planning,
designing, constructing, and financing of an expanded, renovated system of correctional
facilities, to be owned and operated by the State and its Counties.

Chronic overcrowding has resulted in deteriorating conditions of our aging
correctional system's infrastructures and physical plants. The Department has not
significantly expanded its capacity since 1987, when the Halawa Medium Security
Facility was opened. Although some small additions have been made to the

Community Correctional Centers, there have been no significant improvements made to the system in approximately 15 years. As a result, the facilities are in poor repair, poorly designed, and inadequate for the services they are expected to provide. We do not believe that we can continue to meet the challenges of providing adequate housing, services and programs in these conditions.

Four of our facilities require extensive renovation, expansion or replacement in the immediate future. These are the Oahu Community Correctional Center (OCCC), Maui Community Correctional Center (MCCC), Kauai Community Correctional Center (KCCC), and Hawaii Community Correctional Center (HCCC). We will, in all probability, have to consider the relocation of each of these facilities.

In addition, we are committed to housing all of our inmates in Hawaii, rather than in contract facilities on the mainland. We will be able to offer more effective programming, in concert with the precepts of the Justice Reinvestment Initiative, if the inmates were in Hawaii rather than in Arizona. Moreover, this will result in the annual expenditure of tens of millions of our State dollars in Hawaii, rather than in a mainland community.

We are therefore proposing the following:

- Replacement of each of the OCCC, MCCC, KCCC, and HCCC.
- The development on Oahu, of a facility or facilities to house and program inmates who need to transition to the community.
- The development of sufficient new prison space to enable us to return all of the inmates from contract mainland facilities, and to relieve the long-overburdened Halawa Correctional Facility.

- The development of a new correctional center in West Hawaii – 35% to 40% of the population now housed at the HCCC in Hilo, are from West Hawaii, about 120 miles away.

We are fully cognizant that this long overdue overhaul of our correctional system will require significant resources, over several years. Determining the best approach to this requires that the Administration and the Legislature concur in two important areas. To this end, we fully support the expression of support found in this Resolution for the following: 1) The exploration of all methods authorized by law, including public-private partnerships as part of our comprehensive strategy; and 2) future appropriations and land or property agreements that may be necessary for meeting future payment obligations.

We appreciate this Committee's support in our efforts to address long-standing problems experienced by our correctional facilities and urge your favorable consideration of SCR 120, SD 1 / SR 63, SD 1.

Thank you for the opportunity to comment on this important issue.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-SEVENTH LEGISLATURE, 2014**

ON THE FOLLOWING MEASURE:

S.C.R. NO. 120, S.D. 1, / S.R. 63, S.D. 1 URGING THE GOVERNOR TO ENTER INTO A PUBLIC-PRIVATE PARTNERSHIP AGREEMENT FOR A NEW SYSTEM OF CORRECTIONAL FACILITIES THAT MAY INCLUDE REENTRY CENTERS, REPORTING CENTERS, TREATMENT CENTERS, PRISONS, JAILS, AND HALFWAY HOMES, TO BE OWNED AND OPERATED BY THE STATE AND ITS COUNTIES .

BEFORE THE:

SENATE COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, April 2, 2014

TIME: 9:25 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): David M. Louie, Attorney General, or
Renee Sonobe Hong

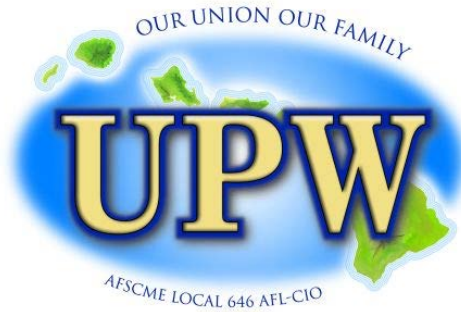
Chair Ige and Members of the Committee:

The Department of the Attorney General strongly supports this resolution relating to public-private partnerships for the purpose of planning, design, construction, turnkey, and financing of expanded, renovated, or new correctional facilities statewide.

We understand that our aging correctional system's infrastructures and physical plants are deteriorating and that the Department of Public Safety (PSD) has not significantly expanded its capacity since 1987.

Insufficient space to house our inmates and detainees has resulted in Hawaii's inmates being housed in contracted facilities on the mainland. PSD's commitment to housing all of Hawaii's inmates in Hawaii, rather than in contract facilities on the mainland, is compelling for a variety of reasons, including the enhanced ability of inmates to maintain relationships with family in Hawaii and enhanced rehabilitation and integration outcomes.

Thank you for the opportunity to comment on this important issue.



THE HAWAII STATE SENATE
The Twenty-Seventh Legislature
Regular Session of 2014

COMMITTEE ON WAYS AND MEANS

The Honorable Sen. David Y. Ige, Chair
The Honorable Sen. Michelle N. Kidani, Vice Chair

DATE OF HEARING: Wednesday, April 2, 2014
TIME OF HEARING: 9:25 AM
PLACE OF HEARING: Conference Room 211

TESTIMONY ON SR63/SCR120 SD1:
URGING THE GOVERNOR TO ENTER INTO A PUBLIC-PRIVATE PARTNERSHIP AGREEMENT FOR
A NEW SYSTEM OF CORRECTIONAL FACILITIES THAT MAY INCLUDE REENTRY CENTERS,
REPORTING CENTERS, TREATMENT CENTERS, PRISONS, JAILS, AND HALFWAY HOMES, TO BE
OWNED AND OPERATED BY THE STATE AND ITS COUNTIES

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 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 1 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.

The UPW has concerns with SR63/SCR120, which urges the Governor to enter into a public-private partnership agreement for a new system of correctional facilities that may include reentry centers, reporting centers, treatment centers, prisons, jails, and halfway homes, to be owned and operated by the State and its Counties.

While we support the modernization and expansion of our correctional facilities, we are concerned with the State entering into private-public partnerships. We suggest that the Legislature consider forming a Task Force, or Committee, consisting of the various stakeholders. This group would assist in creating a plan and report back to Legislature with their findings.

We thank you for the opportunity to voice our concerns on this matter.