

DAVID Y. IGE
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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

HOUSE COMMITTEE ON FINANCE

April 1, 2015 at 2:00 P.M.
Room 308, Hawaii State Capitol

In consideration of

Senate Bill 1101 SD1, HD2

Relating to the Hawaii Public Housing Authority

Honorable Chair Luke and Members of the House Committee on Finance, thank you for the opportunity to provide you with comments regarding Senate Bill (SB) 1101, Senate Draft 1 (SD1), House Draft (HD2), relating to the Hawaii Public Housing Authority.

The Hawaii Public Housing Authority (HPHA) strongly supports the enactment of this Administrative measure, which would extend the sunset date of Act 159 Session Laws of Hawaii 2012 for another 2 years and continue to temporarily exempt from civil service, persons hired or contracted to perform repair or maintenance work on the HPHA's vacant public housing units.

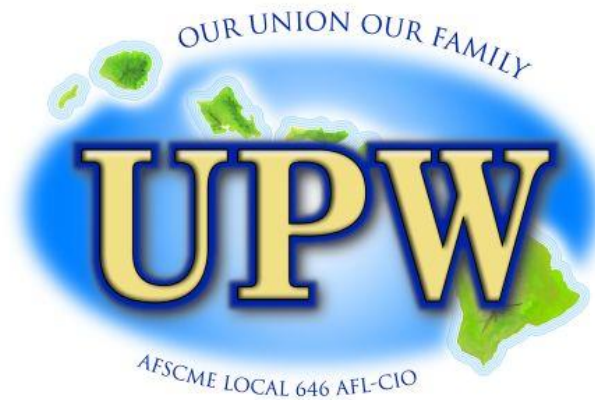
The HPHA's mission is to promote adequate and affordable housing, economic opportunity and a suitable living environment free from discrimination through its public housing and rental assistance programs. The HPHA serves the State's most vulnerable populations, including those earning less than thirty percent of the Area Median Income (AMI), the disabled and the elderly.

Before the passage of Act 159 Session Laws of Hawaii 2012, the HPHA took an average of triple digit days to address the turnaround time of vacant units. With the passage of Act 159, the HPHA has been able to hire 26 exempt and professionally licensed staff members that have completely renovated 122 vacant units and performed 217 repairs to make available a total of 339 vacant units to needy families, while recently raising the HPHA's statewide occupancy rate to approximately 98 percent.

The 26 exempt staff members, termed the "Special Teams" unit has provided on the job training for unlicensed workers, and have provided kitchen and bath renovations, plumbing repairs, roof patching, asbestos removal, replaced windows, installed security doors, and repaired street lights. The efforts of the Special Teams unit has reduced vacant unit turnaround time from triple digit days to 7 days, of which some units were vacant since 2008.

The HPHA respectfully requests to continue the civil service exempt hiring of its Special Teams unit members for two additional years to continue with the repair, maintenance, or capital improvement project work on vacant housing units. The Special Teams unit is needed to maintain the same rate of performance and unit turnaround time to ensure the HPHA's delivery of low-income public housing in a timely and efficient manner as the agency aggressively attempts to increase its low-income rental housing stock in redeveloping its existing properties.

The HPHA appreciates the opportunity to provide the House Committee on Finance with the agency's position regarding SB 1101 SD1, HD2. We respectfully request the Committee to pass this measure favorably, and we thank you very much for your dedicated support to address the affordable housing crisis facing Hawaii.



THE HAWAII STATE HOUSE OF REPRESENTATIVES

The Twenty-Eighth Legislature
Regular Session of 2015

COMMITTEE ON FINANCE

The Honorable Representative Sylvia Luke, Chair
The Honorable Representative Scott Y. Nishimoto, Vice Chair

DATE OF HEARING: April 1, 2015
TIME OF HEARING: 2:00 PM
PLACE OF HEARING: Conference Room 308
State Capitol
415 South Beretania Street

**TESTIMONY IN OPPOSITION TO SB1101, SD1, HD1 RELATED TO THE HAWAII
PUBLIC HOUSING AUTHORITY**

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 bargaining representative for approximately 12,000 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.

The UPW **strongly opposes** S.B. 1101, SD1, HD1 relating to the Hawaii Public Housing Authority. The measure seeks to extend the exemption from state civil service for persons hired or contracted by the Hawaii Public Housing Authority to repair and maintain vacant housing units.

Temporary exemptions

First. Act 159 (2012) Relating to Capital Improvement Projects, found that **temporary** exemptions to civil service hiring was needed to expedite the construction and improvement of public housing units and public infrastructure. The stated purpose of the

Act was simple, "...to address economic revitalization". This was the justification in the Act to by-pass the civil service system. There is no valid justification today. According to HPHA there is 98% occupancy rate.

Claim of 98% occupancy

Second. The Executive Director of HPHA repeatedly boasted in his March 3, 2015 (to the Senate WAM Committee), March 16, 2015 (to the House Committee on Housing) and on March 24, 2015 (to the House Labor and Public Employment Committee) testifying that, "...the HPHA has been able to hire 26 exempt and professionally licensed staff members that have completely renovated 122 vacant units and performed 217 repairs to make available a total of 339 vacant units to needy families, while recently raising the HPHA's state wide occupancy rate to approximately 98 percent."

Extension to perform 2% of the work questionable

Third. We extend our congratulations to HPHA for the above statement that the 26 exempt persons performed all that work (98%) but without crediting or admitting that regular hard working civil service members also were performing work in vacant units. Further, if 98 percent occupancy is true then why is an extension for exempt employees necessary to perform the remaining 2% when there are trained workers on staff? Are not exempt employees normally paid more than regular civil service personnel?

The standards of the Civil Service system is foundational in government

Fourth. The civil service system is based on the merit principle: selection of persons based on their fitness, ability for public employment, and retention of employees based on their appropriate conduct and performance. The civil service system is also to build a career service in government, free from coercive political influences (spoils system) impartial public service, according to the dictates of ethics and morality and in compliance with all laws. The Civil Service merit system is foundational and the center piece of fair employment, career ladder, and promotional opportunities. The HPHA exempt program should be questioned with respect to these standards.

There is no justification to extend the exemptions of the 26 employees

Fifth. The HPHA seeks to extend the exempt employment beyond June 30, 2015 even though they agreed that the exemptions would terminate on June 30, 2015.(HPHA testimony March 29, 2012). The Legislature concurred with the termination date with the passage of HB2302, SD1 (Act 159). Today, the original purpose for the exemptions for "economic revitalization" no longer exists. The state of Hawaii has one of the lowest unemployment rates in the nation, Hawaii construction contractors are bidding at higher prices because construction projects are plentiful (HART rail project over budget) and the HPHA "Special Teams" had sufficient time to train (OJT) regular public sector workers at HPHA to improve their production. (HPHA testimony March 16, 2015.)

For these reasons, the UPW respectfully states its strong opposition to SB11001, SD1, HD1.

We request that the Committee defer this measure indefinitely.

Thank you for the opportunity to submit this testimony.

LATE

HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE

Senate Bill 1101, S.D. 1, H.D. 2
Relating To The Hawaii Public Housing Authority

Wednesday, April 1, 2015
2:00 p.m.
Conference Room 308

Chair Luke, Vice-Chair Nishimoto, and members of the Committee, thank you for this opportunity to submit testimony on behalf of the Painting Industry of Hawaii Labor Management Cooperation Trust Fund; the Hawaii Tapers Market Recovery Trust Fund; the Hawaii Glaziers, Architectural Metal Glassworkers Local Union 1889 AFL-CIO Stabilization Trust Fund; and the Carpet, Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund (collectively the "Funds") in **opposition** to S.B. 1101, S.D. 1, H.D. 2 relating to the Hawaii Public Housing Authority (the "HPHA").

This measure grants a further two year extension of the civil service exemption for repair, maintenance and capital improvement workers hired by HPHA that was established in Act 159, Session Laws of Hawaii 2012 ("Act 159"). Act 159 amended Hawaii Revised Statutes ("HRS") §76-16(b) by creating a temporary exemption for such workers to address concerns about Statewide economic revitalization and to reduce a \$350 million dollar capital repair backlog. Section 5 of Act 159 established a sunset date of July 1, 2015 and contained a clause reenacting §76-16(b) as it existed prior to Act 159.

While the Funds appreciate the HPHA's mission and the ongoing need for public housing, they respectfully submit that the unique concerns which prompted the passage of Act 159 in 2012 no longer exist, or are no longer as compelling as they once were. The State's economic condition has improved considerably since the passage of Act 159 and, according to its written testimony in support of earlier versions of this measure, HPHA has been able to clear up a considerable amount of its work backlog. Since the two concerns which prompted the passage of Act 159 no longer exist, or are no longer as compelling as they once were, there is no good reason to either extend the temporary exemption or to repeal Act 159's sunset provisions.

The Funds submit that the exemptions should not be extended for three additional reasons. First, public housing assistance recipients should not have to settle for repairs and/or renovations to their units done by unlicensed workers learning their trade on the job. According to its written testimony submitted in support of a prior version of this measure to the Senate Ways and Means Committee, HPHA has:

... provided on the job Hawaii Public Housing Authority training for **unlicensed workers**, and have provided kitchen and bath renovations, plumbing repairs, roof patching, asbestos removal, replaced windows, installed security doors, and repaired street lights.

[Emphasis added]. Again mindful of the need for public housing and HPHA's mission, the Funds submit that repair and/or renovation work for public housing assistance recipients should not be done by unlicensed workers learning their trade on an "on the job" training basis, but instead should be done by persons that are already properly trained and experienced and possess the requisite knowledge and skill to complete the job properly and safely.

Second, state law has accommodated thousands of civil service exemptions. Allowing the exemptions in question to sunset would be consistent with the State's efforts to curb the overuse of exempt positions.

Finally, the Funds are also concerned about the potential future loss of significant amounts of work for Hawaii's painting, taping, glazing and/or floor laying contractors if the positions in question continue to be exempted.

For all of these reasons, the Funds **oppose** S.B. 1101, S.D., 1 H.D. 2 and respectfully request that this measure be deferred. Thank you again for this opportunity to testify on this measure.



A'ohe hana nui ka alu'ia
"No Task Is Too Big When Done Together By All"

HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO

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KIKA G. BUKOSKI
Executive Director

April 1, 2015

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Honorable Representative Scott Nishimoto, Vice Chair
Members of the Committee on Finance
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

DAMIEN T.K. KIM
Vice President
International Brotherhood of
Electrical Workers Local 1186

RE: OPPOSITION TO SB1101, SD1, HD1 RELATING TO CIVIL SERVICE EXEMPTIONS
Hearing: Wednesday, April 1, 2015, 2:00 p.m. Conference Room 308

MARC YAMANE
Secretary Treasurer
Elevator Constructors Local 126

Honorable Chair, Vice Chair and Committee Members;

RYDEN VALMOJA
Sergeant At Arms
District Council 50
Painters & Allied Trades Local 1791
Carpet, Linoleum, & Soft Tile
Local 1926
Drywall, Tapers & Finishers
Local 1944
Glaziers, Architectural Metal &
Glassworkers Local 1889

The Hawaii Building & Construction Trades Council, AFL-CIO (HBCTC) is a chartered member of the Building and Construction Trades Department, AFL-CIO, first organized in 1908, is comprised of 16 out of 17 construction trade unions with 386 state, local and provincial councils in the United States and Canada and an estimated 20,000 members locally. Our primary mission being to provide employment opportunities and living wages for many of Hawaii's working men and women in the construction industry.

DOUGLAS FULP
Trustee
International Assoc. of Heat & Frost
Insulators & Allied Workers Local 132

The HBCTC understands and supports the original intent of Act159 (2012) which as expressed in adopted legislation at the time, would expedite construction, improve public housing and infrastructure, and promote jobs in the local economy.

JOSEPH O'DONNELL
Trustee
Iron Workers
Local 625

The HBCTC through its members-unions, prides itself on providing entry level opportunities to local residents, many of which come out of public housing, through its certified statewide construction trades apprenticeship programs. Millions of dollars are invested into these programs to educate and develop a local workforce of highly skilled tradesmen and women. These highly skilled tradesmen and women are then able to earn a livable wage and pursue a higher quality of life for themselves and their families.

GARY AYCOCK
Boilermakers, Ironship Builders
Local 627

PETER IRIARTE
Operative Masons & Plasterers
Local 630

We recognize that the Hawaii Public Housing Authority (HPHA) under this temporary exemption, has managed to dramatically decrease the inventory of housing units that are currently not being utilized for one reason or another. However, support at the time for such exemptions were largely based on economic need and testimony provided by HPHA (2012) which assured the public that the exemptions from civil service were to be strictly temporary.

ART TOLENTINO
Sheetmetal Workers, I.A. Local 293

RONAN KOZUMA
Hawaii Teamsters & Allied
Workers Local 996

VAUGHN CHONG
Roofers, Waterproofers & Allied
Workers United Union of Roofer
Local 221

Although we understand HPHA apparently has not been able to completely refurbish all vacant units and recognize the public's need for such housing, we believe there

are other means currently at their disposal to achieve such objectives.

Currently HPHA is statutorily provided exemptions from 103D and the ability to enter into agreements and public private partnerships as found in HRS 356D Sections (11, 12.5 and 17). These provisions allow HPHA to complete such work through contracting without extending the exemptions from civil service found in HRS 76-16, and ensures that public assets are protected for the long-term through high quality workmanship at controlled costs (HRS 356-12).

For these reasons HBCTC respectfully opposes SB1101, SD1, HD1 and request that your Committee on Finance hold this measure.

**International Union of Painters and Allied Trades
District Council 50**

District Council 50
HAWAII

LATE

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**TO THE HOUSE COMMITTEE ON
FINANCE
TWENTY-EIGHTH LEGISLATURES
REGULAR SESSION OF 2015**

TIME/DATE: 2:00 p.m. – WEDNESDAY, APRIL 1, 2015

**TESTIMONY IN OPPOSITION TO SENATE BILL 1101, SD1, HD2 – RELATING TO
THE HAWAII PUBLIC HOUSING AUTHORITY.”**

**TO CHAIR LUKE AND MEMBERS OF THE HOUSE
COMMITTEE ON FINANCE:**

The International Union of Painters and Allied Trades, District Council 50 (DC50), appreciates the opportunity to testify in opposition to Senate Bill No. 1101, SD1, HD2 – “RELATING TO THE HAWAII PUBLIC HOUSING AUTHORITY.” My name is Lorna Woo, Director of Government Affairs, District Council 50. DC50 is an organization that represents five (5) unions, the Painters, Local Union 1791; the Glaziers Architectural and Glass Metal Workers, Local Union 1889; the Carpet Linoleum and Soft Tile, Local Union 1926; the Drywall, Tapers Finishers, Local Union 1944 and the Pearl Harbor Metal Trades Specialty Workers, Local Union 1944 – approximately 2000 members statewide.

DC50 stands in opposition to Senate Bill No. 1101, SD1, HD2. DC50 commends and appreciates the work of the Hawaii Public Housing Authority (HPHA) and its mission to provide adequate and affordable housing. However, we have concerns regarding the renovation process as well as the repair and maintenance work being done on these affordable units. According to the HPHA’s testimony, it referenced that HPHA provides on-the-job training to unlicensed workers performing kitchen and bath renovations, plumbing, asbestos removal etc. Contractors doing business in the State of Hawaii are

required by law to be licensed to perform work and HPHA should not be exempt from these licensing requirements. These requirements were established to protect consumers and the public.

By continuing to allow HPHA to utilize unlicensed and unskilled workers to perform work on projects is a gross negligence for the health and welfare of its residence.

DC50 invests a lot of time and resources into training and we understand the important of public safety. Each individual goes through the rigors of hands-on and field work training as well as mandates the attendance of annual compliance classes. If HPHA continues to be granted civil service exemption to perform work; our finishing trades industry could be significantly be impacted by the loss of future work.

For these reasons, we strongly urge the committee to reject the proposals in Senate Bill 1101, SD1, HD2. Thank you again for the opportunity to testify in opposition to this measure.