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# A BILL FOR AN ACT

RELATING TO THE UNIVERSITY OF HAWAII.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Act 87, Session Laws  
2 of Hawaii 2013, was enacted to:

3           (1) Remove the president of the university of Hawaii's  
4 full authority to act as chief procurement officer for  
5 the university for all procurement contracts under  
6 chapter 103D, Hawaii Revised Statutes;

7           (2) Transfer authority to the administrator of the state  
8 procurement office to act as chief procurement officer  
9 with respect to university construction contracts and  
10 university professional services contracts relating to  
11 construction; and

12           (3) Address concerns about the prudent and transparent  
13 management of public funds appropriated by the  
14 legislature and expended by the university for  
15 construction.

16           Since its enactment, Act 87 has resulted in a bifurcated  
17 procurement system at the university wherein a different set of



1 rules and procedures applies depending on whether the  
2 procurement involves construction or construction-related  
3 professional services for university construction projects.  
4 Requirements for construction or professional services furnished  
5 by licensees under chapter 464, Hawaii Revised Statutes, must  
6 comply with the Hawaii Public Procurement Code and procedures  
7 governing state executive branch agencies, while requirements  
8 for goods and services must comply with the Hawaii Public  
9 Procurement Code and university executive and administrative  
10 procedures governing university transactions.

11 In January 2016, the state procurement office issued its  
12 report to the legislature as required under Act 87, which  
13 documents the extensive oversight, reviews, and coordination  
14 between the university and the state procurement office on  
15 procurements involving construction and professional services  
16 related to construction. The conclusion of the state  
17 procurement office in the report was that "based on SPO's review  
18 of 102 UH construction solicitations, UH's Administrative  
19 Procedures, and 14 post-award Site Visits, SPO finds that UH is  
20 conducting construction procurements in a compliant, efficient  
21 and transparent manner." In the report, the state procurement



1 office further set forth minimal recommendations for improvement  
2 and mentioned several university specific procedures as "best-  
3 practices."

4 The purpose of this Act is to reinstate and restore full  
5 authority to the president of the university of Hawaii to act as  
6 the university's chief procurement officer for all procurement  
7 contracts under chapter 103D, Hawaii Revised Statutes.

8 SECTION 2. Section 103D-203, Hawaii Revised Statutes, is  
9 amended by amending subsection (a) to read as follows:

10 "(a) The chief procurement officer for each of the  
11 following state entities shall be:

12 (1) The judiciary – the administrative director of the  
13 courts;

14 (2) The senate – the president of the senate;

15 (3) The house of representatives – the speaker of the  
16 house of representatives;

17 (4) The office of Hawaiian affairs – the chairperson of  
18 the board;

19 (5) The [University] university of Hawaii – the president  
20 of the [University] university of Hawaii; [provided  
21 that, ~~except as specified in section 304A-2672(2), for~~



1 ~~contracts for construction and professional services~~  
 2 ~~furnished by licensees under chapter 464, the~~  
 3 ~~administrator of the state procurement office of the~~  
 4 ~~department of accounting and general services shall~~  
 5 ~~serve as the chief procurement officer,]~~

6 (6) The department of education, excluding the Hawaii  
 7 public library system – the superintendent of  
 8 education;

9 (7) The Hawaii health systems corporation – the chief  
 10 executive officer of the Hawaii health systems  
 11 corporation; and

12 (8) The remaining departments of the executive branch of  
 13 the State and all governmental bodies administratively  
 14 attached to them – the administrator of the state  
 15 procurement office of the department of accounting and  
 16 general services."

17 SECTION 3. Section 304A-2672, Hawaii Revised Statutes, is  
 18 amended to read as follows:

19 "§304A-2672 Powers of the board. Notwithstanding any law  
 20 to the contrary, the board may:



- 1           (1) Designate as a university project, any undertaking,  
2                   improvement, or facility on any one or more of the  
3                   areas in one or more of the educational institutions  
4                   under the jurisdiction of the board;
- 5           (2) Construct and maintain university projects, including  
6                   a university project included or to be in a university  
7                   system; ~~[provided that all procurements for~~  
8                   ~~professional services furnished by licensees under~~  
9                   ~~chapter 464 for construction projects shall be~~  
10                  ~~coordinated with the department of accounting and~~  
11                  ~~general services on behalf of the board; provided~~  
12                  ~~further that the department of accounting and general~~  
13                  ~~services shall not be responsible for procurements~~  
14                  ~~determined by both the University of Hawaii and the~~  
15                  ~~department of accounting and general services to be~~  
16                  ~~professional services furnished by licensees under~~  
17                  ~~chapter 464 for repair and maintenance;]~~
- 18           (3) Combine two or more university projects into a  
19                   university system on one or more of the areas on any  
20                   one or more of the educational institutions under the  
21                   jurisdiction of the board, and to maintain the system;



- 1           (4) Combine two or more university projects, university  
2           systems, or university projects and university systems  
3           into a network, on any one or more of the areas on any  
4           one or more of the educational institutions under the  
5           jurisdiction of the board, and to maintain the  
6           network;
- 7           (5) Prescribe and collect rents, fees, and charges for the  
8           use of or services furnished by any university project  
9           and the facilities thereof, and pledge any  
10          appropriation to any university project and the  
11          facilities thereof that in aggregate, produces revenue  
12          of the university at least sufficient to comply with  
13          section 304A-2681;
- 14          (6) With the approval of the governor, issue revenue bonds  
15          under this subpart in such principal amount as may be  
16          authorized by the legislature from time to time to  
17          finance in whole or in part the cost of construction  
18          or the cost of maintenance of any university project,  
19          including funding reserves therefor;
- 20          (7) Pledge to the punctual payment of revenue bonds and  
21          interest thereon, all or any part of the revenue of



1 the university, including any appropriation, in an  
2 amount sufficient to pay the revenue bonds and  
3 interest as the same become due and to create and  
4 maintain reasonable reserves therefor;

5 (8) Establish a loan program or a commercial paper program  
6 upon terms and conditions that the board may  
7 determine; and

8 (9) Advance moneys of the university, not otherwise  
9 required, and do any and all other lawful acts as may  
10 be necessary, convenient, or desirable, for carrying  
11 into execution and administering this subpart."

12 SECTION 4. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect on July 1, 2050.



**Report Title:**

University of Hawaii; Procurement

**Description:**

Reinstates the President of the University of Hawaii as the chief procurement officer for contracts for construction and construction related professional services furnished by licensees under chapter 464, Hawaii Revised Statutes. (HB1155 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

