
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: (1) remove the president of the
3 University of Hawaii from serving as the chief procurement
4 officer for the university for construction contracts and
5 professional services related to construction contracts; (2)
6 transfer authority over those contracts to the state procurement
7 office; and (3) establish an audit committee within the board of
8 regents to review public funds appropriated by the legislature
9 and expended by the university for construction. Since its
10 enactment, Act 87 has resulted in a bifurcated procurement
11 system at the university wherein a different set of rules and
12 procedures applies depending on whether the procurement involves
13 construction or construction related professional services for
14 university construction projects. Requirements for construction
15 or professional services furnished by licensees under chapter
16 464, Hawaii Revised Statutes, must comply with the Hawaii public
17 procurement code and procedures governing state executive branch



1 agencies, while requirements for goods and services must comply
2 with the Hawaii public procurement code and university executive
3 and administrative procedures governing university transactions.

4 In January 2016, the state procurement office issued its
5 report to the legislature as required under Act 87, which
6 documents the extensive oversight, reviews, and coordination
7 between the university and the state procurement office on
8 procurements involving construction and professional services
9 related to construction. The conclusion of the state
10 procurement office in the report was that "based on SPO's review
11 of 102 UH construction solicitations, UH's Administrative
12 Procedures, and 14 post-award Site Visits, SPO finds that UH is
13 conducting construction procurements in a compliant, efficient
14 and transparent manner." In the report, the state procurement
15 office further set forth minimal recommendations for improvement
16 and mentioned several university specific procedures as "best-
17 practices."

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



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

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

5 (1) The judiciary--the administrative director of the
6 courts;

7 (2) The senate--the president of the senate;

8 (3) The house of representatives--the speaker of the house
9 of representatives;

10 (4) The office of Hawaiian affairs--the chairperson of the
11 board;

12 (5) The University of Hawaii--the president of the
13 University of Hawaii; [~~provided that, except as~~
14 ~~specified in section 304A-2672(2), for contracts for~~
15 ~~construction and professional services furnished by~~
16 ~~licensees under chapter 464, the administrator of the~~
17 ~~state procurement office of the department of~~
18 ~~accounting and general services shall serve as the~~
19 ~~chief procurement officer;~~]



- 1 (6) The department of education, excluding the Hawaii
- 2 public library system--the superintendent of
- 3 education;
- 4 (7) The Hawaii health systems corporation--the chief
- 5 executive officer of the Hawaii health systems
- 6 corporation; and
- 7 (8) The remaining departments of the executive branch of
- 8 the State and all governmental bodies administratively
- 9 attached to them--the administrator of the state
- 10 procurement office of the department of accounting and
- 11 general services."

12 SECTION 3. Section 304A-2672, Hawaii Revised Statutes, is

13 amended to read as follows:

14 "**§304A-2672 Powers of the board.** Notwithstanding any law

15 to the contrary, the board may:

- 16 (1) Designate as a university project, any undertaking,
- 17 improvement, or facility on any one or more of the
- 18 areas in one or more of the educational institutions
- 19 under the jurisdiction of the board;
- 20 (2) Construct and maintain university projects, including
- 21 a university project included or to be in a university



1 system; [~~provided that all procurements for~~
2 ~~professional services furnished by licensees under~~
3 ~~chapter 464 for construction projects shall be~~
4 ~~coordinated with the department of accounting and~~
5 ~~general services on behalf of the board; provided~~
6 ~~further that the department of accounting and general~~
7 ~~services shall not be responsible for procurements~~
8 ~~determined by both the University of Hawaii and the~~
9 ~~department of accounting and general services to be~~
10 ~~professional services furnished by licensees under~~
11 ~~chapter 464 for repair and maintenance;]~~

12 (3) Combine two or more university projects into a
13 university system on one or more of the areas on any
14 one or more of the educational institutions under the
15 jurisdiction of the board, and to maintain the system;

16 (4) Combine two or more university projects, university
17 systems, or university projects and university systems
18 into a network, on any one or more of the areas on any
19 one or more of the educational institutions under the
20 jurisdiction of the board, and to maintain the
21 network;



- 1 (5) Prescribe and collect rents, fees, and charges for the
2 use of or services furnished by any university project
3 and the facilities thereof, and pledge any
4 appropriation to any university project and the
5 facilities thereof that in aggregate, produces revenue
6 of the university at least sufficient to comply with
7 section 304A-2681;
- 8 (6) With the approval of the governor, issue revenue bonds
9 under this subpart in such principal amount as may be
10 authorized by the legislature from time to time to
11 finance in whole or in part the cost of construction
12 or the cost of maintenance of any university project,
13 including funding reserves therefor;
- 14 (7) Pledge to the punctual payment of revenue bonds and
15 interest thereon, all or any part of the revenue of
16 the university, including any appropriation, in an
17 amount sufficient to pay the revenue bonds and
18 interest as the same become due and to create and
19 maintain reasonable reserves therefor;



- 1 (8) Establish a loan program or a commercial paper program
- 2 upon terms and conditions that the board may
- 3 determine; and
- 4 (9) Advance moneys of the university, not otherwise
- 5 required, and do any and all other lawful acts as may
- 6 be necessary, convenient, or desirable, for carrying
- 7 into execution and administering this subpart."

8 SECTION 4. Statutory material to be repealed is bracketed
 9 and stricken.

10 SECTION 5. This Act, upon its approval, shall take effect
 11 on July 1, 2017.

12

INTRODUCED BY:

<u>Jakubson</u>	<u>[Signature]</u>	<u>[Signature]</u>
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H.B. NO. 424

Report Title:

University of Hawaii; Procurement

Description:

Reinstates the president of the university as the chief procurement officer for contracts for construction and construction related professional services furnished by licensees under chapter 464, Hawaii Revised Statutes.

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