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JUDICIARY COMM. NO. 1

Transmitted via email with hard copy to follow

September 30, 2016

The Honorable Ronald D. Kouchi
President, Hawai'i State Senate
State Capitol, Room 210
415 South Beretania Street
Honolulu, Hawai'i 96813

Re: Act 138, SLH 2015 (HB 290) Part VI Section 10 Item (d)
Report to the Legislature, Kona Judiciary Complex

Dear President Kouchi and Members of the Senate:

On behalf of the Judiciary, State of Hawaii and Chief Justice Mark E. Recktenwald, the Judiciary submits the following report on the status of the Kona Judiciary Complex project pursuant to Section 10 of Act 138, SLH 2015.

I. STATUS OF THE KONA JUDICIARY COMPLEX PROJECT

A. LAND

On June 17, 2016, the Department of Accounting and General Services ("DAGS"), Division of Public Works, State of Hawaii, issued a purchase order to the Liliuokalani Trust ("LT") to pay for the State of Hawaii's pro rata share of off-site improvements and to purchase the required water credits for the project. The Department of the Attorney General has submitted the pre-final Purchase and Sale Agreement, Warranty Deed and Covenants to LT and the Department of Land and Natural Resources ("DLNR") – Land Division for review. Final Purchase and Sale are pending the subdivision of QLT's larger parcel.

B. CONSTRUCTION

On May 12, 2016, DAGS awarded the project to Nan, Inc. After the expiration of an appeal period post award, the construction funds were encumbered, triggering the release to expenditure of the remaining encumbrances. DAGS Public Works Project Management Branch expects that Notice to Proceed will be issued in mid- to late-October. Groundbreaking for the Kona Judiciary Complex is scheduled for October 24, 2016. LT has granted Nan, Inc. a right-of-entry to be on site and begin construction in the event that the purchase and sale lags the NTP date.

The design team is currently in the process of selecting a subconsultant to support DAGS in the area of construction management.

II. EFFECT OF SECTION 10, ACT 138 ON THE PROJECT

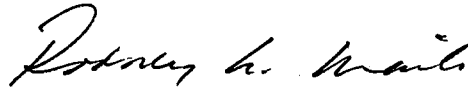
All funds, including those dedicated to State Foundation for Culture and The Arts, were encumbered before the June 30, 2016 lapse date set forth in Section 10, Item (b). Compliance with Section 10, Item (c) presented some challenges because purchase orders had to be issued subject to the availability of funds, and then withheld until all encumbrances were readied for completion.

III. RECOMMENDATION TO ADDRESS THE IMPACTS OF SECTION 10, ACT 138

The Judiciary understands that the intent of Section 10, Item (b) was to ensure the viability of the project as a whole, before funds were irretrievably expended. Because the restrictions on the expenditure of the funds caused some delays in the processing of several of the project documents, contracts, and payments, we would respectfully recommend that DAGS be allowed to encumber funds as of the bid opening date, thereby affording more time meet all of the procurement and contracting requirements.

The Judiciary is very appreciative of the Legislature's continued support of this critically needed resource for the West Hawaii community.

Sincerely,



Rodney A. Maile
Administrative Director of the Courts
Judiciary, State of Hawai'i

c: Members of the Senate
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