

Honolulu, Hawaii
February 16, 2018

RE: H.B. No. 2581
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Economic Development & Business, to which was referred H.B. No. 2581 entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC-PRIVATE PARTNERSHIPS,"

begs leave to report as follows:

The purpose of this measure is to assist the State and county governments in undertaking certain capital improvement projects in a more cost-effective and efficient manner by:

- (1) Establishing the Office of Public-Private Partnership within the Department of Accounting and General Services to support State and county agencies in the use of best practices in contracting for public-private partnerships, and to appropriate funds for its establishment; and
- (2) Adding design-build-operate-maintain and design-build-finance-operate-maintain project delivery methods to the Hawaii Public Procurement Code and related conditions and requirements.

The Office of Planning, Department of Transportation, Department of Budget and Fiscal Services of the City and County of Honolulu, Ulupono Initiative, Ho'omanapono Political Action Committee, Association for the Improvement of American



Infrastructure, and Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii testified in support of this measure. The Department of Business, Economic Development and Tourism, State Procurement Office, and Building Industry Association of Hawaii testified in support of the intent of this measure. The United Public Workers, AFSCME, Local 464, AFL-CIO, testified in opposition to this measure. The Department of Accounting and General Services and Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO provided comments.

Your Committee notes that this measure is a work in progress and that a number of issues still need to be addressed, including clarification of the term "operation" as it pertains to public-private partnerships, particularly for the development of public facilities. Your Committee also finds that developing guiding principles for the Office of Public-Private Partnership to follow may address some of these concerns. Nevertheless, your Committee finds that this measure deserves further consideration and that these concerns can be addressed as the measure continues to make its way through the legislative process.

Your Committee has amended this measure by:

- (1) Adding to the duties of the Office of Public-Private Partnership the provision of best practice processes for resolving contract disputes, including alternative dispute resolution and mediation;
- (2) Requiring the Department of Accounting and General Services, in coordination with the Office of Public-Private Partnership, to submit an annual report to the Legislature and specifying the information the report shall contain;
- (3) Changing its effective date to July 1, 2112, to facilitate further discussion; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Economic Development & Business that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2581, as amended herein, and recommends that



it be referred to your Committee on Finance in the form attached hereto as H.B. No. 2581, H.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Economic
Development & Business,


CINDY EVANS, Chair



