

Honolulu, Hawaii

MAR 23

, 2018

RE: S.B. No. 2705
S.D. 2
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 S.B. No. 2705, S.D. 2, 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 Business, Economic Development and Tourism (DBEDT) to support State and county agencies in the use of best practices in contracting for public-private partnerships;
- (2) Authorizing DBEDT to establish and fill five full-time equivalent State public-private partnership coordinator positions; and
- (3) Appropriating funds for the establishment and operations of the Office of Public-Private Partnership and the hiring of five public-private partnership coordinators.



The Stadium Authority, Ho'omana Pono, LLC, and Ho'omanapono Political Action Committee testified in support of this measure. The Department of Transportation, Building Industry Association of Hawaii, and The Chamber of Commerce Hawaii testified in support of the intent of this measure. The American Civil Liberties Union of Hawai'i, Young Progressives Demanding Action - Hawai'i, Community Alliance on Prisons, United Public Workers, AFSCME, Local 646, AFL-CIO, Hawai'i Justice Coalition, Common Cause Hawaii, Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, Ohana Ho'opakele, LGBT Caucus of the Democratic Party of Hawaii, Progressive Democrats of Hawai'i, and many concerned individuals testified in opposition to this measure. The Office of the Governor, DBEDT, Department of Accounting and General Services (DAGS), Hawaii Housing Finance and Development Corporation, Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, and The Drug Policy Forum of Hawaii provided comments.

Your Committee has amended this measure by deleting its contents and replacing it with language contained in H.B. No. 2581, H.D. 2, which was previously heard by your Committee and which also establishes an Office of Public-Private Partnership. Among other things, the amended measure:

- (1) Establishes the Office of Public-Private Partnership within DAGS and places statutory language establishing the Office, duties of the Office, and annual reporting requirements of the Office within the Hawaii Public Procurement Code;
- (2) Allows the Comptroller to appoint a civil service exempt public-private partnership coordinator to administer the Office of Public-Private Partnership;
- (3) Adds specific public-private partnership delivery methods to the Hawaii Public Procurement Code, including related conditions and requirements;
- (4) Requires, as part of the public-private partnership procurement process:
 - (A) The Governor, in the case of a State project, or the mayor, in the case of a county project, to provide initial approval of a recommendation from



the head of the purchasing agency to proceed with a public-private partnership; and

- (B) The Director of Budget and Finance and the Comptroller, in the case of a State project, or the mayor, in the case of a county project, to provide final approval of a recommendation from the head of the purchasing agency to execute a public-private partnership;
- (5) Specifies responsible persons designated to attend meetings and otherwise stay apprised of important events and decisions related to a public-private partnership after initial approval, and in anticipation of final approval, of a public-private partnership;
- (6) Requires, if an operational phase is part of the project delivery, the use of public worker union positions customarily and historically used for such an operation;
- (7) Appropriates funds for establishing the Office of Public-Private Partnership and filling the State Public-Private Partnership Coordinator position and one additional position within DAGS; and
- (8) Changes the effective date of this measure to July 1, 2112.

Additionally, your Committee has amended this measure by inserting language that:

- (1) Requires the Office of Public-Private Partnership to establish requirements for public entities intending to conduct a request for information, pre-qualification, or solicitation of public-private partnerships using the public-private partnership procurement process to notify the Office and DAGS to ensure appropriate application of the public-private partnership procurement process; and
- (2) Prohibits the use of the public-private partnership delivery method for design, maintenance, or operation of community correctional centers, high security correctional facilities, and youth correctional facilities that provide public safety services.



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 S.B. No. 2705, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2705, S.D. 2, H.D. 1, and be referred to your Committee on Finance.

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

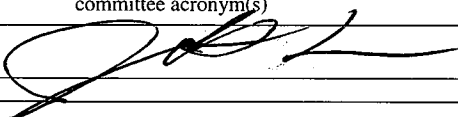

CINDY EVANS, Chair



State of Hawaii
House of Representatives
The Twenty-ninth Legislature

HSCR 1445-18

Record of Votes of the Committee on Economic Development & Business

Bill/Resolution No.: SB 2709, S D2	Committee Referral: EDB, FIN	Date: 3/14/18		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EDB Members	Ayes	Ayes (WR)	Nays	Excused
1. EVANS, Cindy (C)	/			
2. KEOHOKALOLE, Jarrett (VC)	/			
3. HOLT, Daniel	/			
4. ICHiyAMA, Linda				/
5. JOHANSON, Aaron Ling	/			
6. YAMASHITA, Kyle T.	/			
7. MATSUMOTO, Lauren Kealohilani	/			
TOTAL (7)	6			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <p style="text-align: center;">committee acronym(s)</p>				
Vice Chair's or designee's signature: 				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				