



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
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By
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HB 1585 HD1 – RELATING TO THE UNIVERSITY OF HAWAII

Chair Luke, Vice Chair Cullen and members of the committee:

The University of Hawai'i ("University") greatly appreciates the opportunity to testify in strong support of HB 1585 HD1, which acknowledges the urgent and dire need for project staff support of its capital improvement projects. This bill not only financially saves the University and the State in both the short and long term, it also delivers a more optimum model for performing construction management and inspection services that ensures better oversight of its construction projects.

Until just two years ago, the Office of Capital Improvements ("OCI") of the University of Hawai'i System ("System") had only 3 architects in its office. OCI handles all large construction projects exceeding \$5 million across the entire University system. Since then, resources were shifted within the System to add 2 construction managers to the staff. As further detailed below, this has resulted in significant savings to the University.

Between FY 2012 and FY 2016, OCI entered into an average of \$3.5 million a year in construction management/inspection contracts. Last year, a decision was made to secure these services in house and 2 construction managers were added to the staff. As a result, in FY 17, OCI only entered into \$825,000 in construction management contracts. Unfortunately, however, we are still not operating with an adequate amount of construction managers and inspectors. The two existing staff members have reached their project capacity and must now secure the services of third-party services.

Insufficient general funds has prevented the University from securing these services through staff support. With CIP funds as the only available resource, outside construction management and inspection services are typically obtained on a project-by-project basis. This is not only a highly inefficient use of construction management services, but it also does not deliver consistent oversight and performance standards. Again, delivery of these services in-house is the optimum choice for these functions.

This bill seeks general funds to hire construction management and inspection personnel. At this time, a request of \$400,000 to support 2 in-house construction managers and 3 in-house inspectors is humbly submitted for consideration. This request eliminates the need for third-party services – except in specialty and/or unique situations.

In conclusion, the University greatly appreciates the opportunity to testify in support of HB 1585 HD1. This bill not only financially saves the University and the State in both the short and long term, it also delivers a more optimum model for performing construction management and inspection services that ensures better oversight of its construction projects.

Thank you for the opportunity to testify on this measure.