

HB 2172

**RELATING TO
UNIVERSITY OF HAWAII
PUBLIC-PRIVATE
PARTNERSHIPS**

A BILL FOR AN ACT

RELATING TO UNIVERSITY OF HAWAII PUBLIC-PRIVATE PARTNERSHIPS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Public-private partnerships are a contractual
2 or cooperative arrangement between one or more public agencies--
3 federal, state, or local--and private-sector entities, typically
4 of a long-term nature, in which public and private entities
5 collaboratively partner on the components of projects and
6 services, sharing responsibilities to design, construct,
7 finance, manage, operate, and maintain a project, facility, or
8 program. Government agencies throughout the world, including in
9 Hawaii and across the nation, have incorporated business
10 structures that combine public and private endeavors to deliver
11 public services and facilities. The goal of public-private
12 partnerships is to capitalize on the strengths and assets of
13 each sector, public and private, to help deliver a project or
14 service more efficiently and effectively for the benefit of the
15 general public.

16 Public-private partnerships have been used across the
17 country for various public works projects. In the United



1 States, public-private partnerships are increasingly found in
2 higher education for university projects. Public-private
3 partnership university projects include student housing,
4 physical plant infrastructure, and facility maintenance, in
5 which public-private partnership ventures provide a combination
6 of financing, construction, or on-going maintenance.

7 "Public-private partnership" is a generic term for a
8 complex business structure. Each public-private partnership can
9 be arranged and structured in a manner specific to a project
10 goal or business objective. Allowing the University of Hawaii
11 to enter into public-private partnerships would benefit the
12 university and its students as well as the State as a whole.
13 The legislature finds that this issue is a matter of statewide
14 concern that falls under its purview pursuant to article X,
15 section 6, of the Hawaii State Constitution.

16 The purpose of this Act is to allow the University of
17 Hawaii to enter into public-private partnerships and create an
18 office of strategic partnerships and development to specifically
19 coordinate and manage public-private partnerships that would
20 benefit the University of Hawaii. The office of strategic
21 partnerships and development would be placed within the purview



1 of the vice president for budget and finance and would be
2 responsible for coordinating and managing all contracts,
3 proposals, and negotiations associated with the university's
4 public-private partnerships.

5 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is
6 amended by adding a new part to be appropriately designated and
7 to read as follows:

8 "PART . OFFICE OF STRATEGIC PARTNERSHIPS AND DEVELOPMENT

9 §304A- Office of strategic partnerships and development;
10 established. There is established within the university an
11 office of strategic partnerships and development to:

- 12 (1) Advance the mission of and benefit the university; and
13 (2) Increase economic development in the State through
14 collaboration between the university, government
15 agencies, and non-government entities.

16 §304A- Duties. (a) The office of strategic
17 partnerships and development shall:

- 18 (1) Create a strategic and tactical plan that includes:
19 (A) Establishment of objectives and goals for the
20 office and criteria to measure achievement of the
21 goals;



- 1 (B) Identification of potential public-private
- 2 partnership projects that meet the office's
- 3 objectives and goals;
- 4 (C) Development of the necessary financial resources
- 5 and budgets to establish and maintain the office;
- 6 and
- 7 (D) Identification of the necessary financial
- 8 resources to develop, implement, and maintain the
- 9 potential public-private partnership projects;
- 10 (2) Coordinate collaboration within the university and
- 11 with other state and county agencies to analyze and
- 12 develop public-private partnership projects based on
- 13 the needs and goals of the university and the State,
- 14 including proposed economic benefits; financial
- 15 outcomes; social benefits; and contract terms,
- 16 conditions, obligations, and responsibilities;
- 17 (3) Create and maintain a report for each public-private
- 18 partnership project that analyzes the process and the
- 19 results, including the following:
- 20 (A) Proposed economic benefits;
- 21 (B) Financial outcomes;



- 1 (C) Social benefits; and
- 2 (D) Contract terms, conditions, obligations, and
- 3 responsibilities;
- 4 (4) Develop, analyze, and evaluate plans for public-
- 5 private partnership projects, including objectives and
- 6 criteria to measure the accomplishment of objectives,
- 7 develop and implement programs through which the
- 8 objectives are to be attained, and determine financial
- 9 requirements for public resources based on the needs
- 10 and goals of the university and the State;
- 11 (5) Assist the university in evaluating public-private
- 12 partnerships and facilitate the timely and effective
- 13 implementation and completion of project milestones
- 14 and objectives;
- 15 (6) Develop programs to continuously encourage public-
- 16 private partnership projects that will result in the
- 17 development of improved infrastructure, services, and
- 18 programs at the university;
- 19 (7) Formulate and assist the university in formulating
- 20 specific program and project proposals to solicit
- 21 public-private partnerships; and



1 (8) Oversee and implement each public-private partnership
2 project.

3 (b) To enter into a public-private partnership, the office
4 of strategic partnerships and development shall ensure the
5 following conditions are met:

6 (1) The board of regents has approved any agreement prior
7 to obligating the university or any of its assets as a
8 contribution toward a declared public-private
9 partnership; and

10 (2) The board of regents has approved any lease of
11 university land to a private entity in accordance with
12 applicable policies of the board of regents."

13 SECTION 3. Section 304A-105, Hawaii Revised Statutes, is
14 amended by amending subsection (a) to read as follows:

15 "(a) The board of regents shall have management and
16 control of the general affairs, and exclusive jurisdiction over
17 the internal structure, management, and operation of the
18 university. The board may:

19 (1) Appoint a treasurer and other officers as it deems
20 necessary;



- 1 (2) Authorize any officer, elected or appointed by it, to
2 approve and sign on its behalf any voucher or other
3 document that the board may approve and sign;
- 4 (3) Delegate to the president or the president's designee
5 the authority to render the final decision in
6 contested case proceedings subject to chapter 91, as
7 it deems appropriate;
- 8 (4) Purchase or otherwise acquire lands, buildings,
9 appliances, and other property for the purposes of the
10 university; [~~and~~]
- 11 (5) Conduct activities and enter into business
12 relationships as the board deems necessary or
13 appropriate, including any of the following, based on
14 recommendations from the office of strategic
15 partnerships and development:
- 16 (A) Creating nonprofit corporations;
- 17 (B) Establishing, subscribing to, and owning stock in
18 business corporations individually or jointly
19 with others; and
- 20 (C) Entering into partnerships and other joint
21 venture arrangements, or participating in



1 alliances, purchasing contracts, or other
2 cooperative arrangements, with any public or
3 private entity; provided that any corporation,
4 venture, or relationship entered into under this
5 section benefits the university's interest; and

6 ~~[(5)]~~ (6) Expend any sums of money as, from time to time,
7 may be placed at the disposal of the university from
8 whatever source; provided that notwithstanding any
9 other law to the contrary, all documents regarding
10 expenditures and changes thereto, made by the board
11 shall be disclosed in open meetings for the purpose of
12 public comment; provided further that all expenditure
13 requests, proposals, and any other budgetary documents
14 used by the board at an open meeting shall be made
15 available to the public at least six calendar days
16 before the meeting.

17 All lands, buildings, appliances, and other property so
18 purchased or acquired shall be and remain the property of the
19 university to be used in perpetuity for the benefit of the
20 university. The board, in accordance with this section and
21 other law, shall manage the inventory, equipment, surplus



1 property, and expenditures of the university and, subject to
2 chapter 91, may adopt rules, further controlling and regulating
3 the same."

4 SECTION 4. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$500,000 or so much
6 thereof as may be necessary for fiscal year 2018-2019 for the
7 hiring of four full-time equivalent (4.00 FTE) permanent
8 positions in the University of Hawaii to maintain the staff
9 necessary to develop and manage the office of strategic
10 partnerships and development.

11 The sum appropriated shall be expended by the University of
12 Hawaii for the purposes of this Act.

13 SECTION 5. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act shall take effect on July 1, 2018.

16

INTRODUCED BY:

James S. King
La. P. King

[Signature]
Richard Lee

[Signature]
Johnson



H.B. NO. 2172

Report Title:

University of Hawaii; Public-private Partnerships

Description:

Allows the University of Hawaii to enter into public-private partnerships and establish an Office of Strategic Partnerships and Development to specifically analyze, evaluate, recommend, coordinate, oversee, and manage public-private partnerships that would benefit the University of Hawaii.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



HB 2172

TESTIMONY

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
Comptroller

AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
ON
THURSDAY, FEBRUARY 1, 2018
9:00 A.M.
CONFERENCE ROOM 309

H.B. 2172

RELATING TO UNIVERSITY OF HAWAII PUBLIC-PRIVATE PARTNERSHIPS.

Chair Johanson, Vice Chair Holt, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 2172.

The Department of Accounting and General Services (DAGS) offers the following comments for the committee's consideration.

While the intent to allow the University of Hawaii (UH) to enter into public-private partnerships and create an Office of Strategic Partnerships and Development to specifically coordinate and manage public-private partnerships would benefit UH, the language in the measure may not limit consideration only to lands controlled by UH. It is unclear whether other agencies may enter into agreements and implement projects on lands controlled by non-UH entities, including other state agencies who are now authorized to own, manage, and develop state properties.

Thank you for the opportunity to submit testimony on this matter.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Labor & Public Employment
February 1, 2018 at 9:00 a.m.

by
Kalbert K. Young
Vice President for Budget and Finance/Chief Financial Officer
University of Hawai'i

HB 2172 – RELATING TO UNIVERSITY OF HAWAII PUBLIC-PRIVATE PARTNERSHIPS

Chair Johanson, Vice Chair Holt, and members of the committee:

The University of the Hawai'i is in support of HB 2172, Relating to University of Hawaii Public-Private Partnerships.

The purpose of this bill is to authorize the University of Hawai'i (UH) to allow the University to enter into public-private partnerships (P3) and establishes an Office of Strategic Partnerships and Development to evaluate and manage P3 that would benefit UH. The bill also appropriates \$500,000 from the State general fund for four FTE positions to staff the Office.

The goal of P3 is to capitalize on the strengths and assets of each sector (public and private) to help deliver a project or service more efficiently and effectively for the benefit of the general public. P3 are increasingly found in the higher education sector, and examples include campus redevelopment and expansion, student housing development, physical plant infrastructure, and facility maintenance.

The Office of Strategic Planning and Development will:

- a) help ensure that P3 opportunities are properly analyzed, evaluated, coordinate, overseen, and managed;
- b) allow UH to become a recognized educational and research resource on P3 to provide opportunities for faculty and students to learn and participate in management and oversight; and
- c) foster innovation and increase revenue generating opportunities together with exploring ways to maximize efficiency and reduce costs.

Thank you for this opportunity to testify.

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**LATE
TESTIMONY**