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TESTIMONY
OF
SARAH ALLEN, ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE
ON
LABOR & PUBLIC EMPLOYMENT
March 14, 2019, 9:00 a.m.
SB1003, SD2

RELATING TO INNOVATIVE PROJECT DELIVERY GUIDELINES

Chair Johanson, Vice-Chair Eli, and members of the committees, thank you for the opportunity to submit testimony on SB1003, SD2. The State Procurement Office (SPO) supports this Public Private Partnership (P3) Bill and offers the following comments:

As this Bill requirement includes the development of Rules to guide this process, those Rules would apply to all non-state counties and agencies as well as state agencies. Therefore, SPO recommends that the task force also include representatives from counties as they would provide subject matter expertise and input of their needs for these types of complex methods of procurement.

The bill proposes to allocate funds for an undisclosed amount of funds for the procurement, hiring or securing of experts and professional advisory services to assist in the implementation of this Act. SPO recommends an additional \$150,000 to engage a subject matter expert to help facilitate the task force in developing guidance and collecting the information. In addition, SPO recommends funding of \$3,000 per task force member for P3 training and education. It behooves task force members to understand the intricacies of this complex method before developing Rules, which the PPB must approve, with no real P3 experience.

Thank you.



Email: communications@ulupono.com

HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
Thursday, March 14, 2019 — 9:00 a.m. — Room 309

Ulupono Initiative Supports SB 1003 SD 2, Relating to Innovative Project Delivery Guidelines

Dear Chair Johanson, Vice Chair Eli, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better manage waste and fresh water resources. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono supports SB 1003 SD 2, which establishes a task force around the use of innovative project delivery arrangements for public infrastructure, because it aligns with our goals of developing infrastructure more efficiently and affordably.

The State of Hawai'i has many infrastructure needs, yet often finds itself faced with complex projects that are over budget, not on time, or not built or maintained in a quality manner. One solution is to work with the private sector on planning, building, financing, operating, and maintaining projects. Yet, these complex deals require expertise in bridging workable and financially appropriate structures for the benefit of all parties. The State and the counties are starting to look at public-private partnerships as a potential solution for funding infrastructure. Yet, no local government entity has the experience and expertise to provide universal guidelines to help protect the government's interest and to indicate to the public-private partnership marketplace how it plans to operate.

The task force can provide legislative recommendations for a future session or administrative rule change proposals.

The task force cost will require funding for convening and to bring in outside expertise and professional advisory services assist the task force. Any P3 structure done poorly will likely cost the State far more than the cost of setting it up correctly.

Given the complex issues involving P3s, Ulupono would be happy to make our public-

Investing in a Sustainable Hawai'i



private partnership consultant Jill Jamieson of Jones Lang LaSalle in Washington D.C. available for a call to answer any technical questions you may have.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

LATE

Uploaded via Capitol Website

March 14, 2019

TO: HONORABLE REP. AARON LING JOHANSON, CHAIR, REP. STACELYNN K.M. ELI, VICE CHAIR, AND MEMBERS OF THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

SUBJECT: TESTIMONY IN SUPPORT OF SB1003: RELATING TO INNOVATIVE PROJECT DELIVERY GUIDELINES

Hearing

DATE: Thursday, March 14, 2019
TIME: 9:00 a.m.
PLACE: Conference Room 309
Hawaii State Capitol

Dear Rep. Aaron Ling Johanson, Chair, Rep. Stacelynn K.M. Eli, Vice Chair, and members of the House Committee on Labor and Public Employment:

The General Contractors Association of Hawaii (GCA) is an organization comprised of over five hundred general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. The mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

GCA agrees that there is a public need for timely design, construction, improvement, renovation, expansion, modernization, equipping, maintenance, operation, implementation, and installation of public infrastructure and state government facilities, and that existing public procurement methods are not wholly satisfying this need.

We also agree that enabling innovative project delivery modalities that allow state agencies to leverage limited resources with private sector capital and expertise are largely beneficial to public safety and welfare.

To that end, we are in full support of the creation of an Innovative Project Delivery Guidelines taskforce within the Department of Accounting and General Services to establish guidelines to institute safeguards, procedures, and protocols around the use of innovative project delivery arrangements for public infrastructure, in protection of the public interest.

GCA is committed to full participation with the taskforce. Thank you for the opportunity to share our support.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Labor
Thursday, February 21, 2019 at 10:00 A.M.
Conference Room 211, State Capitol**

LATE

RE: SB 1003, SD 2 RELATED TO INNOVATIVE PROJECT DELIVERY GUIDELINES

Chair Johanson, Vice Chair Eli, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent** of SB 1003 SD 2, which proposes to establish the temporary innovative project delivery guidelines task force to establish guidelines around the use of innovative project delivery arrangements for public infrastructure. The bill would also require a report to the legislature prior to the 2020 legislative session.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

We would recommend that the bill not be limited to contracts engaged in by public agencies pursuant to Chapter 103D HRS. We understand that many innovative project delivery methods involve the leasing of government lands. This would allow an investor to get a lease from the government agency, invest and develop the public infrastructure, and lease back the public infrastructure to the agency. At the end of the lease term or upon payment of the investment, the agency would own the public infrastructure.

We believe the task force should be allowed to explore all avenues of innovative project delivery that would include real estate transactions not covered by Chapter 103D. We would recommend removing this restriction.

Thank you for the opportunity to testify.