

JAN 23 2025

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# A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH  
FOR CONSTRUCTION DEFECT REMEDIATION AT THE HAWAII STATE  
HOSPITAL.

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

1       SECTION 1. This Act is recommended by the governor for  
2       immediate passage in accordance with article VII, section 9, of  
3       the Constitution of the State of Hawaii.

4       SECTION 2. In January 2018, the State awarded a  
5       \$140,000,000 contract for a design-build delivery construction  
6       for the Hale Ho'ola Building project located at Hawaii state  
7       hospital. After the project's acceptance, and a warranty period  
8       of two years, the State encountered various issues, many  
9       stemming from latent defects due to poor design and  
10      construction. Investigations into the root causes are still  
11      ongoing. The department of accounting and general services has  
12      been holding the contractor accountable for these issues, but  
13      with limited success.

14      A major concern is the occurrence of water leaks in both  
15      the building's exterior and plumbing systems and mold growth.  
16      Immediate action is necessary to address these issues to enable

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1 Hawaii state hospital to deliver quality care to our patients  
2 who live in the building year around.

3 Additionally, the department of health has received  
4 grievances from staff regarding violations of article 21 of  
5 their contract, covering safety and health, and the public  
6 employees' collective bargaining agreement, citing an unsafe  
7 working environment.

8 Due to insufficient funds to fix these issues, the  
9 department of health is requesting an emergency appropriation to  
10 address mold growth and leaks in the Hale Ho'ola Building.

11 SECTION 3. There is appropriated out of the general  
12 revenues of the State of Hawaii the sum of \$8,160,000 or so much  
13 thereof as may be necessary for fiscal year 2024-2025 to fund  
14 construction defect remediation, including the payment of legal  
15 fees and costs of special deputies attorney general, at the  
16 Hawaii state hospital.

17 The sum appropriated shall be expended by the department of  
18 health for the purposes of this Act.

19 SECTION 4. The appropriation made for the construction  
20 defect remediation authorized by this Act shall not lapse at the  
21 end of the fiscal biennium for which the appropriation is made;

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1 provided that all moneys from the appropriation unencumbered as  
2 of June 30, 2026, shall lapse as of that date.

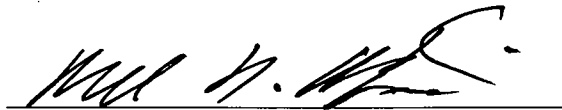
3 SECTION 5. With the approval of the governor, the  
4 department of health may delegate to other state agencies the  
5 implementation of projects related to this Act when it is  
6 determined advantageous to do so by both the department of  
7 health and the agency to which expending authority is to be  
8 delegated.

9 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY:



12

BY REQUEST

# S.B. NO. 1448

**Report Title:**

DOH; HSH; Construction Defect Remediation; Emergency  
Appropriation

**Description:**

Emergency Appropriation of \$8,160,000 in general funds to the Department of Health to fund construction defect remediation, including the payment of legal fees and cost of special deputies attorney general, of the Hale Ho'ola Building of the Hawaii State Hospital.

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

## JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH FOR CONSTRUCTION DEFECT REMEDIATION AT THE HAWAII STATE HOSPITAL.

PURPOSE: To remediate mold growth and leaks occurring due to design and construction defects in the Hale Ho'ola Building of the Hawaii State Hospital (HSH).

MEANS: Emergency appropriation of \$8,160,000 in General Funds to the Department of Health (DOH).

JUSTIFICATION: HSH is part of DOH and is the only state-funded psychiatric hospital in Hawaii. HSH needs funding to address ongoing mold growth and leaks in the Hale Ho'ola Building.

Hensel Phelps was awarded a \$140,000,000 contract on January 25, 2018. After the project's acceptance, and a warranty period of two years, HSH encountered various issues, many stemming from latent defects due to poor design and construction. Investigations into the root causes are still ongoing and have been challenging.

At the time of project acceptance, the State was unaware of any defects that would have warranted rejection. The Department of Accounting and General Services (DAGS) believes many of the ongoing problems are latent defects and holds Hensel Phelps responsible for issues arising from these defects.

A private entity conducted an investigation of the Hale Ho'ola Building and confirmed water intrusion, along with evidence of mold and mold growth and recommended the following:

- (1) Identify and repair water leaks at entry points;
- (2) Seal exterior side of precast wall joints to mitigate rainwater intrusion.
- (3) Install ventilation fans where necessary;
- (4) Conduct mold abatement;
- (5) Repair the HVAC system;
- (6) Remove or clean all mold growth; and
- (7) Repair leaks and standing water.

This emergency appropriation will be used to address immediate needs including the payment of legal fees and costs of special deputies attorney general.

Impact on the public: None.

Impact on the department and other agencies:  
None.

GENERAL FUND: \$8,160,000 for fiscal year 2024-2025.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: HTH 430.

OTHER AFFECTED  
AGENCIES: Department of Accounting and General Services; Department of the Attorney General.

EFFECTIVE DATE: Upon approval.