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STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWE LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
COMMITTEE ON HEALTH

MARCH 12, 2025, 9:00 A.M.
CONFERENCE ROOM 329 AND VIA VIDEOCONFERENCE, STATE CAPITOL

S.B. 1448, S.D. 2

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

Chair Takayama, Vice Chair Keohokapu-Lee Loy, and Members of the
Committee, thank you for the opportunity to submit testimony on S.B. 1448, S.D.2.

The Department of Accounting and General Services (DAGS) offers testimony in **support** of this bill which seeks an emergency appropriation of sufficient general revenues to the Department of Health (DOH) 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 Hawai'i State Hospital (HSH) and declares that the general fund expenditure ceiling for fiscal year 2024-2025 has been exceeded.

The urgency of this request stems from the potential risks to the health and safety of the patients and staff at the Hale Ho'ola Building. A significant concern is the

presence of water leaks in the building's exterior envelope and plumbing systems. Due to these leaks and the propensity for leaks to result in fungal growth, a fungal investigation was conducted. The investigation confirmed evidence of mold spores and mold growth.

The fungal investigation provided DAGS and DOH with recommendations for short-, intermediate-, and long-term responses. The HSH immediately performed the short term-response but requires funds to perform the intermediate and long-term responses.

1. Short term response:
 - a. Immediately following the investigation, the HSH performed an initial response of cleaning out all visible and accessible mold.
2. Intermediate responses (responses utilizing this emergency appropriation):
 - a. Perform a comprehensive investigation of the building, including destructive testing, to determine the extent of design and construction defects requiring both short- and long-term response.
 - b. Conduct mold abatement, including removal and cleaning of mold growth in all affected areas.
 - c. Perform emergency HVAC repairs to replace failed components and investigate HVAC system to evaluate system performance.
3. Long-term response (additional CIP funding required):
 - a. Reroofing the building and repairs and improvements to other elements of the building envelope, plumbing, and other major building systems, to provide a lasting solution to issues of water intrusion.
 - b. Repair and adjust the HVAC system to improve air circulation and moisture control.

The HSH has been working closely with DAGS to cure these issues, and DAGS will continue to work closely with DOH and the hospital in that regard. This emergency appropriation is crucial to fund the intermediate responses that can be implemented to

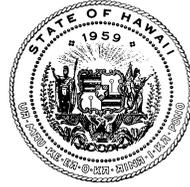
ensure the health and safety of the patients and staff who live and work at the HSH.

The department also offers the following comments:

- On page 2, line 12, insert the numeric figure “\$10,660,000”;
- On page 3, line 13, replace “\$8,160,000” with “\$10,660,000” to reflect the original request of \$8,160,000, the addition of \$100,000 to fund installation of UV lighting in HVAC ducts to control the recurrence of mold infestations, and the addition of \$2,400,000 to fund the comprehensive building study noted above, noting that this amount may be deducted from the separate CIP request to fund the long-term response tasks noted above.

Thank you for the opportunity to provide testimony on this measure.

JOSH B. GREEN, M.D.
GOVERNOR OF HAWAII
KE KIA'ĀINA O KA
MOKU'ĀINA 'O HAWAI'I



KATHERINE AUMER, PhD
COUNCIL CHAIRPERSON
LUNA HO'OMALU O KA PAPA

STATE OF HAWAI'I
DEPARTMENT OF HEALTH
KA 'OIHANA OLAKINO
STATE COUNCIL ON MENTAL HEALTH
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STATE COUNCIL ON MENTAL HEALTH
Testimony to the House Committee on Health
In Support of S.B. 1448 S.D.2
MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH FOR THE
CONSTRUCTION DEFECT REMEDIATION AT THE HAWAII STATE HOSPITAL
March 12, 2025 9:00 a.m., Room 329 and Video

Chair Takayama, Vice-Chair Keohokau-Lee Loy, and Members of the Committee:

Hawaii law, HRS §334-10, established the State Council on Mental Health (SCMH) as a 21-member body to advise on the allocation of resources, statewide needs, and programs affecting more than one county as well as to advocate for adults with serious mental illness, children with serious emotional disturbances, individuals with mental illness or emotional problems, including those with co-occurring substance abuse disorders. Members are residents from diverse backgrounds representing mental health service providers and recipients, students and youth, parents, and family members. Members include representatives of state agencies on mental health, criminal justice, housing, Medicaid, social services, vocational rehabilitation, and education. Members include representatives from the Hawaii Advisory Commission on Drug Abuse and Controlled Substances and county service area boards on mental health and substance abuse.

The SCMH supports this measure and values the role of this crucial funding. This measure is for a healthy living and working environment at the Hale Ho'ola Building of the Hawaii State Hospital (HSH). The measure will provide funds needed to address remediation of construction defects that are resulting in an unhealthy and unsafe place for patients and workers to live and/or work. Part of the funding sought will be for legal remedies, specifically engaging the Special Deputy Attorney General to explore all possible avenues of remediation and cost recovery.

Thank you for the opportunity to testify. Should you have any questions, please contact us at DOH.SCMHChairperson@doh.hawaii.gov.

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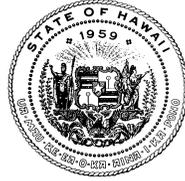
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KENNETH S. FINK, M.D., M.G.A., M.P.H.

Testimony in SUPPORT of S.B. 1448 SD2

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

REPRESENTATIVE GREGG TAKAYAMA, CHAIR
REPRESENTATIVE SUE L. KEOHOKAPU-LEE LOY, VICE CHAIR
HOUSE COMMITTEE ON HEALTH

Hearing Date: March 12, 2025, 9:00 AM Room Number: 329

1 **Fiscal Implications:** The Department of Health (Department) requests this emergency
2 appropriation to be considered as a vehicle to ensure the health and safety of the patients and
3 staff at the Hawaii State Hospital (HSH).

4 **Department Position:** The Department strongly supports S.B. 1448 SD2, making an emergency
5 appropriation to implement crucial design and construction defect analysis and remediation in
6 the Hale Ho'ōla Building of the Hawaii State Hospital (HSH).

7 **Department Testimony:** The HSH provides the following testimony on behalf of the
8 Department and the Adult Mental Health Division (AMHD).

9 The Department respectfully requests an emergency appropriation (EA) of \$10,660,000
10 to the Department of Health for construction defect remediation at the HSH. This funding is
11 inclusive of \$6,160,000 for mold abatement, facility repairs and defect analysis, \$2,000,000 for
12 legal fees and costs of special deputy attorneys general to explore all possible avenues of
13 remediation, \$100,000 for the immediate procurement and installation of ultraviolet (UV)
14 lights for the heating, ventilation, and air conditioning (HVAC) system, and \$2,400,000 to fund a

1 comprehensive third-party examination of Hale Ho'ōla, including a root cause analysis (RCA) of
2 the most severe defects and problems.

3 Since the initial introduction of S.B. 1448, the cost for the UV lights and comprehensive
4 examination have been identified and subsequently added to the request. These costs are
5 necessary and required within this fiscal year. The immediate procurement and installation of
6 UV lights in the HVAC system was recommended by the contractor who inspected the system.
7 UV lights improve indoor air quality by sanitizing the air circulating through the system,
8 exposing microorganisms and harmful airborne contaminants—such as mold and mildew—to
9 ultraviolet radiation, thereby preventing them from reproducing or causing infection.
10 Additionally, UV lights can enhance the energy efficiency of the HVAC system and extend its
11 lifespan. The RCA is critical to identifying the actions required to enable the successful long-
12 term operation of the facility and ensure the health and safety of the patients and staff.

13 The urgency of this request stems from the potential risks to the health and safety of
14 the patients and staff at the HSH. A significant concern is the presence of water leaks in the
15 building's exterior envelope and plumbing systems. Due to these leaks, a fungal investigation
16 was conducted. The investigation confirmed water intrusion along with evidence of mold and
17 mold growth.

18 The fungal investigation provided the Department with recommendations for short-,
19 intermediate-, and long-term responses. The HSH immediately performed the short-term
20 response but requires funds to perform the intermediate- and long-term responses.

- 21 1. Short-term response
 - 22 a. Immediately following the investigation, the HSH performed an initial
23 response of cleaning out all visible and accessible mold.
- 24 2. Intermediate responses (responses utilizing this emergency appropriation)

- 1 a. Investigate and identify water leaks and standing water in the building
- 2 and at entry points.
- 3 b. Conduct mold abatement, including removal and cleaning of mold growth
- 4 in all affected areas.
- 5 c. Perform emergency HVAC repairs to replace failed components and
- 6 investigate HVAC system to evaluate system performance.
- 7 d. Install UV lights in the HVAC system to sanitize the air circulating through
- 8 the system.
- 9 e. Comprehensive third-party examination of Hale Ho'ōla, including a root
- 10 cause analysis (RCA) of the most severe defects and problems.
- 11 3. Long-term response (additional CIP funding required):
- 12 a. Potential reroofing of the building and repairs and improvements to
- 13 other elements of the building envelope, plumbing, and other major
- 14 building systems, to provide a lasting solution to issues of water
- 15 intrusion.
- 16 b. Repair and adjust the HVAC system to improve air circulation and
- 17 moisture control.

18 Additionally, the HSH has received grievances from staff through the unions regarding
19 the identified mold and the significant risk that it poses, violating their contract and the public
20 employee's collective bargaining agreement for a safe and healthy work environment.

21 The HSH has been working closely with the Department of Accounting and General
22 Services to cure these issues. This emergency appropriation is crucial to fund immediate repairs
23 that can be done to ensure the health and safety of the patients and staff who live and work at
24 the HSH.

25 **Offered Amendments:** The Department respectfully requests the inclusion of the appropriation
26 amount of \$10,660,000 in Section 3 and an effective date of upon approval.

- 1 Thank you for the opportunity to testify in support of this measure.

SB-1448-SD-2

Submitted on: 3/10/2025 11:59:33 PM

Testimony for HLT on 3/12/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dave Fields	Individual	Oppose	Written Testimony Only

Comments:

Four years ago, the State proudly announced the brand-new Hale Ho‘ōla Building at Hawai‘i State Hospital—a \$160 million project that was supposed to end overcrowding, boost safety, and prove that Hawai‘i can build something on time and on budget. Yet, we now see the Department of Health asking taxpayers for millions more to address water leaks, mold, and corroded pipes in a facility that’s barely out of its warranty period. Suddenly, this has become an “emergency” that requires immediate funding.

If a local family discovered major construction defects in a newly built home, they wouldn’t just hand over more money to fix what should have been done correctly the first time, without demanding answers or accountability. They’d be outraged, consult attorneys, and question the project oversight. Here, however, we’re being asked to provide another \$8 million with limited discussion about who’s responsible, how these issues occurred, or why safeguards weren’t in place to prevent such extensive damage.

The Department of Health frames this as “helping staff,” and of course mold remediation and safe facilities are essential. However, as a former clinician at Hawai‘i State Hospital, I’ve seen firsthand that administration’s track record with staff welfare is questionable. Workers who speak out (like Dr. Mark Chinen, who was dismissed after suggesting more legislative engagement) are pushed out. Grievances are ignored, and older buildings with mold and broken plumbing remain neglected. Meanwhile, leadership hires friends, fosters retaliation, and touts “compliance memos” while the real issues persist.

Deputy Health Director Marian Tsuji has now criticized the “fix it, watch it fail, fix it again” cycle, but perhaps this is a result of leadership never enforcing warranties or holding those responsible for shoddy work accountable in the first place. Administrator Mark Linscott also appears to overlook staff in older wards, who continue to endure mold, broken plumbing, or worse. Each year, new briefings and articles come out, and yet the leadership’s minimal efforts remain unchanged. Now we’re asked for millions more to salvage a building that’s only a few years old—while the rest of the Adult Mental Health Division remains in turmoil.

Even if approving these funds seems “necessary,” the bill itself lacks provisions to ensure accountability. Why isn’t there a clear plan to investigate what went wrong? Where are the consequences for a system that allowed \$160 million worth of construction to fail so soon? We’ve seen a local psychiatrist lose his job merely for contacting lawmakers; yet no one in senior leadership seems to face repercussions for large-scale negligence or mismanagement. It’s

galling that no one steps up to take responsibility, and we're once again expected to open our wallets with no clear fixes in place.

The Legislature's duty is to protect the public interest and ensure tax dollars are spent wisely. Would an everyday homeowner simply hand over another chunk of money to fix construction defects without insisting on recourse or a detailed plan? This funding should be contingent on enforceable warranties, a strategy for cost recovery where appropriate, and a commitment to systemic reforms at HSH.

Please do not pass this bill as currently written.

Mahalo for your time and consideration. Those of us who have worked at Hawai'i State Hospital share the frustration of seeing the same cycle repeat. Let's fix the hospital once and for all, with real accountability and no more blank checks for the same broken system that permitted these failures in the first place.