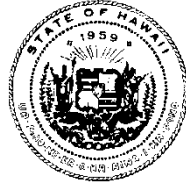


DAVID Y. IGE
GOVERNOR



HAKIM OUANSAFI
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STATE OF HAWAII
HAWAII PUBLIC HOUSING AUTHORITY
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Statement of
Hakim Ouansafi
Hawaii Public Housing Authority
Before the

HOUSE COMMITTEE ON JUDICIARY

Wednesday, February 15, 2017
2:00 PM
Room 325, Hawaii State Capitol

In consideration of
HB 627, HD1
RELATING TO PUBLIC-PRIVATE PARTNERSHIPS

Honorable Chair Nishimoto and Members of the House Committee on Judiciary, thank you for the opportunity to provide testimony concerning House Bill 627, HD1, relating to public-private partnerships.

The Hawaii Public Housing Authority (HPHA) **strongly opposes** HB 627, HD1, which establishes and funds a State Public-Private Partnership Coordinator positions within the Department of Business, Economic Development and Tourism to manage public-private partnerships entered into by the State and associated contracts, proposals, and negotiations.

Pursuant to federal law and the Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD), the execution of contracts on federal public housing projects are vested in the HPHA's Board of Directors. Section 5 of the ACC states that "the Housing Authority (HA) shall at all times develop and operate all projects covered by this ACC in compliance with all the provisions of this ACC and all applicable statues, executive orders and regulations issued by HUD, as they shall be amended from time to time, including but not limited to these regulations promulgated by HUD at Title 24 of the Code of Federal Regulations, which are hereby incorporated into this ACC by reference as if fully set forth herein, and as such regulations shall be amended from time to time". In addition, procurement under the federal public housing program is limited to members of the Board, HPHA's Executive staff and other staff serving in official positions at the housing authority. HPHA's properties are under a Declaration of Trust with HUD and all negotiation and subsequent contracting documents are subject to HUD approval.

Negotiations for a public-private partnership development of federal public housing properties requires a team approach. Areas covered during the negotiation process range from financing and cash flows to resident relocation and supportive service programs. The HPHA development teams involved in negotiations, are built with the knowledge of each team member in a variety of fields including financing, construction, federal and state procurement, property management, resident support services, crime prevention/intervention, tenant relocation, Section 8 project based vouchers, and HUD filing requirements on the master development agreement, demolition and disposition application, and evidentiaries.

The HPHA appreciates the opportunity to provide the House Committee on Judiciary with the HPHA's comments regarding HB 627, HD1. We thank you very much for your dedicated support.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
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LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON JUDICIARY

Wednesday, February 15, 2017
2:00 P.M.

State Capitol, Room 325
in consideration of
HB 627, HD1

RELATING TO PUBLIC-PRIVATE PARTNERSHIPS.

Chair Nishimoto, Vice Chair San Buenaventura, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) **supports** HB627, HD1, which makes an appropriation and authorizes the establishment of a Public-Private Partnership Coordinator position within DBEDT to manage all public-private partnerships entered into by the State and manage all contracts, proposals, and negotiations for the partnerships.

DBEDT supports this bill and offers the following comments:

- Public-private partnerships are an effective strategy for economic development.
- Hawaii has been implementing public-private partnerships for several industries including tourism, film, agriculture, energy, broadband and innovation.
- New economic development theory indicates that long term economic growth is heavily dependent on the organization of production.
- Harvard Business School has defined cluster development as an effective strategy for economic development. A cluster is a geographic concentrations of industries related by knowledge, skills, inputs, demand, and/or other linkages (Delgado, Porter 2014).
- Public-private partnerships could be the core or leading organization for cluster development.

However, DBEDT believes that one position alone would not be able to handle all of the State's potential partnerships. We would recommend the establishment of four positions and that \$500,000 be appropriated to establish and operate an office to handle these duties provided that this measure does not replace our priorities in the Executive Budget.

Thank you for the opportunity to provide testimony.

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LATE

Testimony to the House Committee on Judiciary
Wednesday, February 15, 2017
2:00 pm
Conference Room 325

RE: HB 627 – Relating to Public-Private Partnerships

Chair Nishimoto, Vice-Chair San Buenaventura, and members of the committee:

My name is Gladys Quinto Marrone, CEO of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is in strong support of H.B. 627 HD1, which appropriates funds for the establishment of a State Public-Private Partnership Coordinator within Department of Business, Economic Development, and Tourism to manage all public-private partnerships entered into by the State and manage all contracts, proposals, and negotiations associated with the State's public-private partnerships.

We understand that Public-Private-Partnerships (PPP or P3's) are being used more and more by different Federal, State and Municipal agencies on the mainland. The basic premise is to allow for private investment in public basic infrastructure as well as social infrastructure. Investors recoup their investments from revenue streams created by fees generated from the project or other sources of revenue.

"While private sector interest in funding public infrastructure projects has increased in recent years, barriers to private sector participation remain. Many government agencies lack the capacity and capabilities to plan, execute, and manage PPP projects. At the same time, productivity in the construction industry needs improvement. Managing these complexities can be challenging for even the most seasoned leaders." (Mckinsey & Company).

Having one entity to oversee a P3 program in Hawaii will not only provide a process for assessing and implementing P3 projects but also avoid the confusion of having multiple agencies develop their own tools for assessing and implementing P3's. At this time, it may be wise to centralize this function until there is a better understanding of the P3 process and some standards established to ensure success.

We are in strong support of H.B. 627 HD1, as it will consolidate the State's efforts in development and implementing P3's in Hawaii

Thank you for the opportunity to express our views on this matter.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Judiciary
Wednesday, February 15, 2017 at 2:00 P.M.
Conference Room 325, State Capitol**

LATE

RE: HOUSE BILL 627 HD1 RELATING TO PUBLIC-PRIVATE PARTNERSHIPS

Chair Nishimoto, Vice Chair San Buenaventura, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **strongly supports** HB 627 HD1, which authorizes and appropriates funds for the establishment of a State Public-Private Partnership Coordinator within Department of Business, Economic Development, and Tourism to manage all public-private partnerships entered into by the State and manage all contracts, proposals, and negotiations associated with the State's public-private partnerships.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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 understand that Public-Private-Partnerships (PPP or P3's) are being used more and more by different Federal, State and Municipal agencies on the mainland. The basic premise is to allow for private investment in public basic infrastructure as well as social infrastructure. Investors recoup their investments from revenue streams created by fees generated from the project or other sources of revenue.

"While private sector interest in funding public infrastructure projects has increased in recent years, barriers to private sector participation remain. Many government agencies lack the capacity and capabilities to plan, execute, and manage PPP projects. At the same time, productivity in the construction industry needs improvement. Managing these complexities can be challenging for even the most seasoned leaders." McKinsey & Company

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We are in strong support of HB 627 HD1, as it will consolidate the State's efforts in development and implementing P3's in Hawaii.

Thank you for the opportunity to express our views on this matter.



Chamber *of* Commerce HAWAII
The Voice of Business