
A BILL FOR AN ACT

RELATING TO PROCUREMENT FOR THE UNIVERSITY OF HAWAII.

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

1 SECTION 1. The legislature finds that Act 87, Session Laws
2 of Hawaii 2013, limited the President of the University of
3 Hawaii's full authority to act as chief procurement officer for
4 the university for all procurement contracts by transferring
5 that authority to the administrator of the state procurement
6 office for university construction and construction-related
7 professional services contracts in order to address concerns
8 about the prudent and transparent management of public funds
9 appropriated by the legislature and expended by the university
10 for construction.

11 Since its enactment, Act 87 has resulted in a bifurcated
12 procurement system at the university wherein a different set of
13 rules and procedures applies depending on whether a particular
14 procurement involves construction or construction related
15 professional services for university construction projects.
16 Procurements for construction or professional services furnished
17 by contracting or construction licensees must comply with the



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1 Hawaii public procurement code and procedures governing state
2 executive branch agencies, while procurements for other goods
3 and services must comply with the Hawaii public procurement code
4 and university executive and administrative procedures governing
5 university transactions.

6 In January 2016, the state procurement office issued its
7 report to the legislature as required under Act 87. The report
8 documents extensive oversight, reviews, and coordination between
9 the university and the state procurement office on procurements
10 involving construction and professional services related to
11 construction. The conclusion of the state procurement office in
12 the report was that "based on SPO's review of 102 UH
13 construction solicitations, UH's Administrative procedures, and
14 14 post-award Site Visits, SPO finds that UH is conducting
15 construction procurements in a compliant, efficient and
16 transparent manner." In the report, the state procurement
17 office further set forth minimal recommendations for improvement
18 and mentioned several university specific procedures as best-
19 practices.

20 The purpose of this Act is to restore the authority of the
21 University of Hawaii president to act as the university's chief



1 procurement officer for procurement contracts for construction
2 and professional services that do not exceed \$.

3 SECTION 2. Section 103D-203, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The chief procurement officer for each of the
6 following state entities shall be:

7 (1) The judiciary--the administrative director of the
8 courts;

9 (2) The senate--the president of the senate;

10 (3) The house of representatives--the speaker of the house
11 of representatives;

12 (4) The office of Hawaiian affairs--the chairperson of the
13 board;

14 (5) The University of Hawaii--the president of the
15 University of Hawaii; provided that, except as
16 specified in section 304A-2672(2), for contracts
17 exceeding \$ _____ for construction and professional
18 services furnished by licensees under chapter 464, the
19 administrator of the state procurement office of the
20 department of accounting and general services shall
21 serve as the chief procurement officer;



- 1 (6) The department of education, excluding the Hawaii
2 public library system--the superintendent of
3 education;
- 4 (7) The Hawaii health systems corporation--the chief
5 executive officer of the Hawaii health systems
6 corporation; and
- 7 (8) The remaining departments of the executive branch of
8 the State and all governmental bodies administratively
9 attached to them--the administrator of the state
10 procurement office of the department of accounting and
11 general services."

12 SECTION 3. Section 304A-2672, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§304A-2672 Powers of the board.** Notwithstanding any law
15 to the contrary, the board may:

- 16 (1) Designate as a university project, any undertaking,
17 improvement, or facility on any one or more of the
18 areas in one or more of the educational institutions
19 under the jurisdiction of the board;
- 20 (2) Construct and maintain university projects, including
21 a university project included or to be in a university



1 system; provided that [~~all~~] procurements exceeding
2 \$_____ for professional services furnished by
3 licensees under chapter 464 for construction projects
4 shall be coordinated with the department of accounting
5 and general services on behalf of the board; provided
6 further that the department of accounting and general
7 services shall not be responsible for procurements
8 determined by both the University of Hawaii and the
9 department of accounting and general services to be
10 professional services furnished by licensees under
11 chapter 464 for repair and maintenance;

12 (3) Combine two or more university projects into a
13 university system on one or more of the areas on any
14 one or more of the educational institutions under the
15 jurisdiction of the board, and to maintain the system;

16 (4) Combine two or more university projects, university
17 systems, or university projects and university systems
18 into a network, on any one or more of the areas on any
19 one or more of the educational institutions under the
20 jurisdiction of the board, and to maintain the
21 network;



- 1 (5) Prescribe and collect rents, fees, and charges for the
2 use of or services furnished by any university project
3 and the facilities thereof, and pledge any
4 appropriation to any university project and the
5 facilities thereof that in aggregate, produces revenue
6 of the university at least sufficient to comply with
7 section 304A-2681;
- 8 (6) With the approval of the governor, issue revenue bonds
9 under this subpart in such principal amount as may be
10 authorized by the legislature from time to time to
11 finance in whole or in part the cost of construction
12 or the cost of maintenance of any university project,
13 including funding reserves therefor;
- 14 (7) Pledge to the punctual payment of revenue bonds and
15 interest thereon, all or any part of the revenue of
16 the university, including any appropriation, in an
17 amount sufficient to pay the revenue bonds and
18 interest as the same become due and to create and
19 maintain reasonable reserves therefor;



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1 (8) Establish a loan program or a commercial paper program
 2 upon terms and conditions that the board may
 3 determine; and

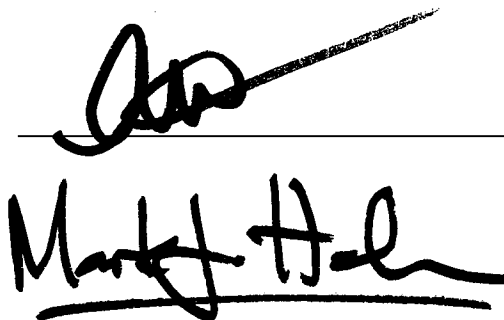
4 (9) Advance moneys of the university, not otherwise
 5 required, and do any and all other lawful acts as may
 6 be necessary, convenient, or desirable, for carrying
 7 into execution and administering this subpart."

8 SECTION 4. Statutory material to be repealed is bracketed
 9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect upon its approval.

11

INTRODUCED BY: _____



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Report Title:

University of Hawaii; Procurement; Construction

Description:

Reinstates the President of the University of Hawaii as the chief procurement officer for contracts for construction and construction related professional services provided that the contract does not exceed a certain amount.

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